STATE OF INDIANA

Mitchell E. Daniels, Jr.
Governor

OFFICE OF MANAGEMENT & BUDGET
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Indianapolis, Indiana 46204-2796
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Charles E. Schalliol
Director

December 5, 2006

Indiana House of Representatives
Indiana Senate
200 W. Washington Street
Indianapolis, Indiana 46204

Dear Speaker Bauer, House Minority Leader Bosma, President Pro Tempore Long, and Senate Minority Leader Young:

I submit for your review this report pursuant to your request outlined in **P.L. 246–2005, Section 255**.

    (a) All revenue that funds government comes from the people and it is the responsibility of every elected official to carefully guard against misuse of this revenue. Therefore, it is the intent of the general assembly that the state budget be reviewed comprehensively before the budgetary process for the next biennium begins in 2007.

    (b) The general assembly requests that the Governor direct the office of management and budget to thoroughly review the:

        (1) budget of each executive department agency and instrumentality; and

        (2) overall functions of the executive department of state government;

for the purpose of finding efficiencies that might yield significant cost savings. The general assembly requests that both the size and the scope of these agencies and functions be reviewed.

    (c) The general assembly requests that:

        (1) an interim report on the progress of the review under this section be submitted to the general assembly in an electronic format under IC 5-14-6 before January 3, 2006; and

        (2) the results of the comprehensive review, including recommendations for budgetary reforms and spending reductions throughout state government through the appropriation and allotment process be shared with the speaker of the house of representatives and the president pro tempore of the senate before December 2, 2006.

I welcome any questions you have regarding this report and look forward to discussing it with you.

Sincerely,

Charles E. Schalliol
Director

CC: Governor Mitchell E. Daniels, Jr.

Office of Management and Budget

2006 Report

Budgetary and Functional Review of Executive Branch Agencies and Instrumentalities

December, 2006

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Introduction

The State of Indiana spends approximately $60 million *every day*. Most Hoosiers would agree that $60 million is a lot of money for any one organization to spend in a year, let alone twenty-four hours. Most importantly, the $60 million being spent by the state each day isn't just money that falls out of the sky – it is money derived in most part from taxes and fees Hoosier citizens and businesses are required to pay.

Sadly, most Hoosiers are probably unaware – and may be shocked to discover – that until recently their state government was making almost no effort to monitor how efficiently and effectively their tax dollars were being spent. Government officials merely focused on *how much* taxpayer money they were spending on noble sounding endeavors like "ensuring public safety" or "enhancing education." Of lesser concern was whether or not these dollars were being spent in a cost-effective manner that actually achieved measurable results for taxpayers. The least concern was being paid to whether or not these dollars should even be spent at all.

At the agency level, government managers had been navigating rudderless ships in a sea of tangled bureaucracy. Without any incentive or direction to carry out their mission efficiently and effectively, managers became programmed to measure success in terms of how hefty a budget increase they received.   In essence, Indiana state government has been on autopilot – and the passengers being taken for a ride have been Hoosier taxpayers.

Therefore, one of Governor Daniels' first initiatives upon taking office in January 2005 was the creation of the Office of Management and Budget (OMB). The new agency was tasked with measuring state government performance and efficiency. OMB immediately began collaborating with other agencies to develop performance metrics and to identify opportunities for improvement. Agency performance measures have been created for approximately 35 agencies to date, and results are reported on a quarterly basis. In addition to increasing transparency, numerous management improvements have been implemented.

Many of the improvements jump-started the transition of Indiana state government from a sedentary bureaucracy toward a government of action, focused on its citizens. The accomplishments, such as the Indiana Department of Transportation's Major Moves program and the Department of Revenue's Tax Amnesty program, have placed Indiana on a more secure financial foundation. While much has been accomplished, the difficult task of ensuring continuous improvement of government program performance will remain.

Consistent with the Governor's objectives, the Indiana General Assembly requested (through Section 255 of Public Law 246–2005) that OMB review the budget and function of each executive department, agency, and instrumentality of state government for the purpose of finding efficiencies that might yield significant cost savings, and make recommendations for budgetary reforms and spending reductions throughout state government.

OMB's approach to this challenge was to develop a measurement instrument called the PROBE, which stands for Program Results: an Outcome-Based Evaluation. Over the past eighteen months this program performance evaluation tool allowed OMB to conduct a long-overdue inventory of the state's operations. By measuring the government as it was prior to the governor's efforts, the evaluations conducted under the PROBE will serve as a guide to both legislators and state employees. This document is the summary report of those hundreds of reviews along with recommendations for reforms generated by the findings.[*]

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[*] PROBE documentation is still being completed for the following agencies: Family and Social Services Administration (FSSA), Department of Child Services (DCS), Department of Education (DOE), Indiana Housing and Community

Our guiding principle in conducting this review was simple: **Outcomes and results matter.** Our observations and recommendations to this end are included. Many suggested changes are certain to generate debate. However, during the discussion we should not forget the bottom line of increasing public value and reducing unnecessary expenditures of Hoosier tax dollars.

If this report generates some one-time savings but then sits on a shelf somewhere, it will have hardly been worth the effort. In fact, this report should not be viewed as a one-time examination. Every sound business conducts inventory of its operations on a continual basis. Thus, two years from now another PROBE will be conducted in order to measure our successes from the first inventory, and ascertain how Indiana state government can improve even further.

A pair of final observations: Many of the PROBE evaluations were conducted over a year ago and as a result reflect the situation at, or shortly after, the time Governor Daniels took office. The PROBEs themselves have also inspired many agencies to embark on improvement programs now well under way. This is particularly true with respect to measurement of activities. We would expect that revisits of many programs that scored "Results Not Measured" would now reflect those improvements. Ultimately that result is a large part of what we hoped to achieve with this exercise.

Development Authority (IHCDA), Indiana School for the Blind, and Indiana School for the Deaf. PROBE results will be shared with these entities by January 5, 2007 and will be available to the public along with all other PROBE documents and agency responses in early January. Supplementary appendices will be filed with the General Assembly in January.

Program Results: an Outcome-Based Evaluation (PROBE)

What is the PROBE?

In 2001, the State of Indiana developed a Program Budget Book that grouped appropriations in approximately 80 programs (e.g., Community Mental Health) and then those programs were reported within eleven major categories or functions (e.g., Human Services) of government. While the high-level presentation of the Program Budget Book is informative in how much money is spent by the major functions of government, it does not address performance or how well those appropriations are spent.

To address this void, OMB developed a measurement instrument called the PROBE, which stands for Program Results: an Outcome-Based Evaluation. This tool seeks to ascertain the effectiveness of Indiana state programs in achieving desired results and outcomes while considering the efficiencies in which program services are delivered. The objectives of the PROBE are to:

- Align resources according to program priorities and effectiveness
- Identify obstacles that may hinder program performance and provide recommendations for corrective action
- Migrate toward a performance-informed budget by introducing program results in the budget development process

The PROBE allows OMB, along with the appropriate budget analysts, to systematically ask agency program managers questions about key program characteristics: 1) *Purpose and design*, 2) *Planning*, 3) *Management*, and 4) *Results*. It consists of eighteen yes/no questions and seeks explanations and evidence to support the responses. Each section's score is then weighted and summed for an overall program effectiveness rating.

While the questions are standard across all programs to promote consistent application, OMB recognizes that there will be elements of subjectivity and the rating will not be the result of an "exact science":

- The PROBE represents a snapshot in time. Readers should keep in mind that many of these evaluations took place over a year ago. Hence many agencies/programs have been in the process of making positive changes. Ideally, these changes will be reflected in future PROBEs.

- A comprehensive review required a "one size fits all" design. All programs – whether they are regulatory, research, or economic development in nature – were asked the same set of questions. Thus, the individual program ratings should not be used as a comparison to other programs but rather as a benchmark to measure program improvement.

- The PROBE questions are intentionally yes/no. Naturally, there will occasionally be grey areas between the two. However, using a yes/no system allows for a clearer delineation of the expectations required to merit an acceptable score. It also enables OMB and the respective agencies to focus upon future actions to instill continuous improvement instead of debating partial credit for individual questions.

- Scoring with regard to program duplication and overlap with both the public and private sector was stringently applied. Government rarely questions why it performs the tasks it does and whether it is the best provider of those services. This was necessitated by the fact that there has been no prior evaluation of the state government's operations and structure.

- Each individual PROBE was rigorously peer reviewed in order to ensure consistency.

It should be noted that the PROBE questionnaire was based on the federal OMB's Program Assessment Rating Tool (PART). As we continue to use the tool, and research best practices in performance-based budgeting from other states, we will seek to refine and improve the PROBE process for the future.[*]

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[*] There were more than 900 program-related fund centers across 73 executive branch agencies and departments that received appropriations for the 2005-2007 biennium. In order to implement the broad scope of the legislative directive while still at a level of detail to be meaningful, OMB decided to focus on the programs for which executive branch agencies and departments are responsible. Therefore, approximately 400 programs matching this criterion were reviewed for this report.

The PROBE Guiding Philosophy

Accountability

Any business wishing to be successful will strive to provide a product that people will want to purchase. Likewise, a business that neglects to take into consideration the desires and needs of its customers will eventually find itself in financial trouble. Thus, in the marketplace there exists a natural incentive for business to be *accountable* to its customers. Those businesses that are accountable to its customers are more likely to thrive. Those that are unaccountable usually do not survive.

In the government sector this natural incentive to be accountable to customers does not exist. The reason is simple: government is a monopoly possessing the unique ability to eliminate any competitive threat while ensuring an endless stream of financial resources via its power to tax. Thus, unlike a business, government has the ability to coerce its customers (taxpayers) into sustaining its operations regardless of the quality of the product it delivers.

It is this lack of incentive for government to operate with the interests of the taxpayer at the forefront that necessitates a mechanism such as the PROBE. In essence, the PROBE forces the state government of Indiana to undertake a long overdue "inventory" of its programs. Any business operating in the marketplace must take inventory of its products. How else would a business know whether to ship more of a product, alter a product's composition, or perhaps do away with a product that customers are not buying?

For far too long Indiana state programs have been running on "autopilot" with little oversight or examination of a program's performance or need. Government should be held to a higher degree of accountability given that it has the power to constrain the liberties of its citizens and use their resources to fund its activities. When accountability is nonexistent, the relationship between government and the public that supports it is jeopardized.

Additionally, a lack of accountability negatively affects the state's workforce. Agency and program managers need to have a clear understanding of the actual effects of their decisions – otherwise they are simply "flying blind." If state employees are unaware of the results expected of them, how can they be expected to put forth their best efforts? Low expectations combined with a lack of accountability renders state government a jobs program instead of a value-conscious public servant that Hoosiers deserve.

Transparency

Information on government performance mainly comes from agency heads and program managers. Human nature will incline agency heads and program managers to report results that show their programs in the best possible light. Naturally, agencies have little incentive to report information that would demonstrate inefficient or ineffective performance.

The PROBE seeks to eliminate the obfuscation or exaggeration of program results. By requiring government administrators to demonstrate and detail their agencies' performance measures and results, Hoosier taxpayers can obtain a clearer understanding of how their dollars are being spent.

Therefore, it is incumbent upon government administrators to measure the impact taxpayer dollars have made. Instead of simply revealing the amount of money being spent, government should focus on disclosing outcomes – the results of an agency or program's actions.

Results

With regard to government disclosure of outcomes, merely stating the dollar figure expended on a goal or effort is woefully insufficient for determining the value of or need for an agency or program. Spending more money on programs and activities without any idea of whether real progress is being made will only leave Hoosiers unsure as to whether the state is making gains, losing ground, or running in place.

For example, measuring success by simply counting how much money the state spends on public education is relatively simple but it tells Hoosiers nothing about what those dollars are buying. Although measuring the quality of what certain Indiana students are learning in comparison to their counterparts in other districts, private schools, or states requires more effort, such measures will help policy makers allocate taxpayer dollars toward better uses.

Similarly, performance measures that consist of simple outputs – such as the number of participants or enrollees in a program – are not performance measures at all because they do not provide any proof of a program or agency's effectiveness. For example, doubling the number of participants in a job training program is of little value if it turns out the participants still cannot get a job because the program did not train them well enough, did not teach them the necessary skills, or trained them for jobs not available or needed.

Thus the PROBE is designed to provide policy makers with the information necessary to align resources with the most effective state government priorities. Policy makers who have information on the various performance levels of state programs can determine what level of public benefit could be produced if the existing resources were redeployed to more effective programs – or eliminated outright. In other words, the PROBE should enable policy makers to calculate the "public benefit cost" or "opportunity cost" of the status quo and act accordingly.

Ideally, less effective programs will seek to adopt best practices employed by the more effective programs. However, those programs that display a continued inability to demonstrate a measurable value to Hoosier taxpayers should be targeted for elimination. Continuing to fund and operate consistently ineffective programs means wasting Hoosier taxpayer resources.
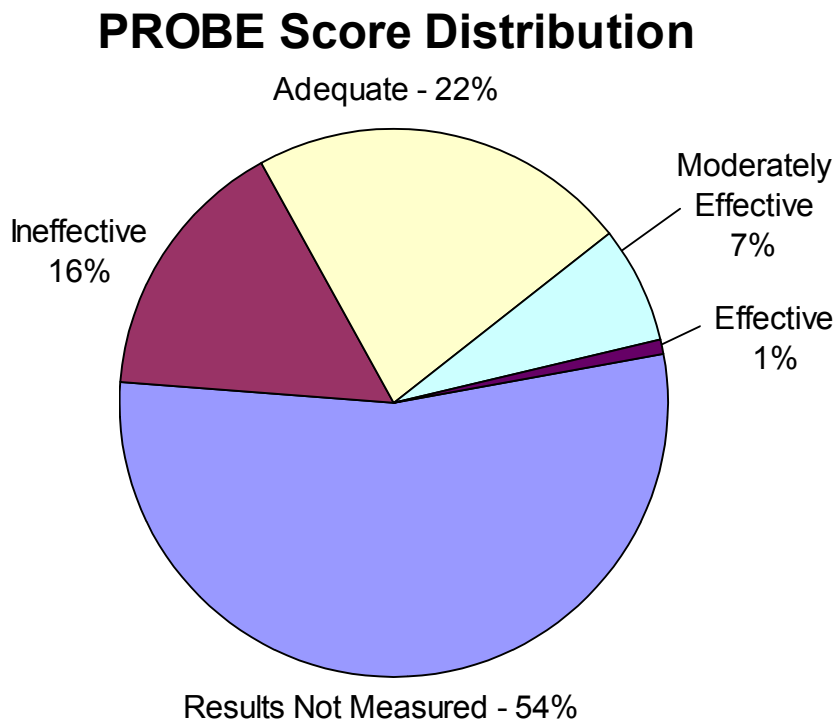
Findings and Themes

Is Indiana State Government One Big "Faith-Based" Program?

The principal finding of the PROBE is that the majority of state programs reviewed **did not have measurable results.** At the point in time the evaluations were conducted, more than half of the programs subjected to the PROBE were unable to demonstrate results (positive or negative) because no results-based measures had been created. In other words, not only could these programs not demonstrate that their operations were effective, they could not demonstrate that their operations were *ineffective*.

Essentially, Hoosier taxpayers and citizens have to *take it on faith* that their government is operating in an effective and efficient manner.

PROBE Score Distribution

Adequate - 22%

Moderately
Effective
7%

Ineffective
16%

Effective
1%

Results Not Measured - 54%

Because most programs lack long-term, results-based performance measures, these programs are unable to demonstrate adequate progress in achieving long-term goals. Therefore, these programs tend to score very poorly on the PROBE, especially in "Section II: Program Planning" and "Section IV: Program Results," which translates into a poor overall rating. (See **Appendix A** for the specific questions asked in each of the four sections of an individual PROBE review. See **Appendix B** for the PROBE review evaluations.)

Programs that scored a 40% or less on "Section I: Purpose and Design," have a larger problem. If a program has difficulty demonstrating the clarity of its purpose, then the more serious question of exactly why such a program is needed or necessary should be raised. Even programs that demonstrate a clear purpose may be poorly constructed or designed. Of the over 350 programs evaluated by the PROBE and included in this report, over a third scored 40% or less on this section.

Although these findings are disappointing, they are not surprising. As was made clear in the introduction, the state government of Indiana has been operating on autopilot, with no accountability, no transparency, and no measurement of results. This report and the underlying findings represent the first inventory of Indiana state government. It probably would have been more surprising had the results been better.

Therefore, the findings – as painful as they are in many cases – actually represent a positive first step toward accountability. They send a message to Hoosier taxpayers that their government will no longer accept a business-as-usual mentality. Moreover, they represent an opportunity for agency heads and program managers to use these evaluations as an incentive to implement the necessary measures and organizational changes needed to score higher in future PROBE reviews. Thus, the observations should not be interpreted as an indictment of the many hard working, knowledgeable, and experienced employees working for state government. Rather, it is a commentary on the system in which these employees work.

Had the PROBE been conducted in January 2005, the findings would have been much worse. For instance, a large number of programs received credit for outcome-based performance measures due to their creation of measures for inclusion in Governor Daniels' performance measurement system. Otherwise, more than 75% of programs covered by the PROBE would have scored "Results Not Measured" had the evaluations been conducted in January 2005.

The fact that the results would have been considerably worse two years ago is an extremely important reminder that this report represents a snapshot of a point in time. In other words, many positive changes have already been made, and many programs that received poor scores on this report are forging ahead on a plan of continuous improvement.

The following are examples of positive management developments already occurring in Indiana State Government:

OneIndiana

In August 2005 the Administration began *OneIndiana*, a strategic sourcing project managed jointly by the Indiana Department of Administration (IDOA) and the Office of Management and Budget (OMB). The goal of the project was to optimize cross-agency buying power and buy as one enterprise. The *OneIndiana* team identified key product categories in which the state had significant opportunities to save money by consolidating contracts. To date, the project team has negotiated more than 30 contracts that are estimated to produce more than **$56 million** in annual savings ($192 million in contract length savings) compared to past buying patterns. For example, by leveraging the State's vast purchasing power, the state can now purchase a:

- standard desktop computer for $690 instead of $977.
- standard laptop for $982 instead of $1,172.
- stapler for 96 cents instead of $6.02.
- staple remover for 13 cents instead of $1.30.
- roll of tape for 41 cents instead of $2.00.
- box of envelops for $3.86 instead of $21.62.

OneIndiana has taught IDOA and OMB that strategic purchasing is truly a core function of state procurement, and IDOA is using lessons learned from *OneIndiana* as a guide in reforming its procurement organization.

Buy Indiana

In 2005 Governor Daniels through executive order directed the Department of Administration (IDOA) to place strong emphasis in the State's procurement process on those businesses headquartered in (or with a significant investment in) Indiana and on those companies which utilize Hoosiers to do the work. IDOA released its Buy Indiana guidelines in May 2005 and for the first time, emphasis on having Indiana residents performing the work has entered into the selection criteria for state contracts. State government continues to work to ensure state dollars are spent with Indiana companies, wherever possible, through Buy Indiana. Prior to 2005, 62% or less of Hoosier tax dollars was spent with Indiana companies. By December of 2006, state government was spending 84% of its dollars with Indiana companies. For example:

- The Indiana Department of Natural Resources (DNR) entered into a contract with InfoSpherix, Inc. for the operation of the centralized reservation system for campsite, cabin, and shelter house reservations for the state's parks. DNR projects annual savings to the state under the new contract of between $50,000 and $90,000. As part of the contract, InfoSpherix will open an operations center in central Indiana and will be required to employ at least 34 full time employees. By the end of 2008, InfoSpherix projects 230 employees at its Indianapolis operation handling both reservations and other governmental contracts. Total capital investment in Indiana by InfoSpherix through 2008 is estimated at $3,510,000.
- Crystal Food, an Indiana company, won the Department of Agriculture (DOA) Cafeteria Food Services Contract. Crystal provides cafeteria services to the Indiana State Government Center and pays annual rent to the State of $240,000. Crystal replaced French-based Sodexho.

Public Employees Retirement Fund

The Public Employees Retirement Fund (PERF) has implemented performance measures and incentives at every level of its organization. PERF posts its monthly agency-wide measures on its bulletin boards and next to its elevators so that all employees can monitor agency-wide performance. Each division of PERF has performance measures (for example: "Average number of days from retirement date to first check issued") and each manager has measures for his/her team which are incorporated into division measures. PERF managers whose teams meet or exceed targets are recognized each month at an informal lunch hosted by the PERF Director.

Indiana Economic Development Agencies

The previous Department of Commerce was responsible for a wide range of programs that included economic development, energy, community development and revitalization, agriculture, and tourism. The priorities of these programs were difficult to discern while mired within the former structure. The dismantling of the previous department into the Indiana Economic Development Corporation, Office of Energy and Defense Development, Office of Community and Rural Affairs, Office of Tourism Development, and Department of Agriculture has enhanced the profile of their respective programs and allowed for greater focus and accountability. Each of these areas now has a strategic plan that identifies its mission and long-term goals.

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Indiana Department of Transportation

State government produces a lot of data. Unfortunately, the data are rarely organized and analyzed so that it can be used to make programmatic decisions. As part of its organizational transformation over the last 20 months, the Indiana Department of Transportation (INDOT) developed Organizational Performance Indices (OPIs) to manage its business. Each major division will have key performance measures that will establish accountability and promote data-driven decisions. Such systems will be critical in delivering the pipeline of work now funded by the Major Moves program.

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Department of Correction – Community Corrections Division

The Department of Correction (DOC) Community Corrections Division used to distribute funds according to an outdated formula without regard for actual services provided by the respective counties. In fact, audits conducted in 2005 found more than $2 million in unused grant money that should have been returned to the DOC. The DOC now requires the implementation of evidence based practices, and funding for FY07 was decreased for counties that failed to implement these practices by July 2006. Also, the Community Transition Program (CTP) was not designed properly as counties were paid in advance for services that were not delivered. In many counties, the annual cost per offender for CTP exceeded $20,000, and in two counties exceeded $36,000. Effective FY07, CTP funds are allocated based on utilization and are distributed to counties on a monthly reimbursable basis. The Community Corrections Division has drafted and submitted suggested statutory and administrative code changes that address the use of evidence based practices as well as mandatory performance measures.

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Department of Correction – Contract Management/Monitoring Division

The Department of Correction (DOC) created a Contract Management Division to monitor public-private contracts for the purposes of ensuring service delivery (standards) and achieving efficiencies (savings). The division establishes performance measures for each contract, and performance is measured regularly to determine compliance. For instance, liquidated damages can be assessed if performance is suboptimal. This level of accountability and transparency did not occur when state employees performed these functions. The Division monitors numerous contracts totaling more than $150 million, and ensures that savings well in excess of $20 million annually are realized.

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Indiana Department of Labor

The Indiana Department of Labor (DOL) is a good example of why it is important to remember that the PROBE is a snapshot of a point in time. Prior to the current administration, there were no performance measures in place at the agency. Had a PROBE been conducted in January 2005, scores would have been lower across the board. Since then, Six Sigma process improvement methodology has been implemented to measure quality agency-wide. Tracking against performance metrics is now becoming ingrained in the DOL culture.

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All agencies were asked to submit improvement plans for each program as part of their PROBE response. The elements of many of these plans are continuations of efforts illustrated by the examples above. Recent organizational changes at the Indiana Department of Revenue offer a good example of how PROBE induced improvement plans are already bearing fruit for Hoosier taxpayers:

Indiana Department of Revenue

After the successful development, management, and results of its tax amnesty program (which netted $219 million), the Indiana Department of Revenue (DOR) is taking the lessons learned from that project, along with the PROBE results, to strategically review its organizational structure, systems and skill sets required to improve customer service and operations. Agency functions are being streamlined into seven key delivery areas with divisional budgets that promote accountability. Savings have already been reported from these early efforts. Key challenges have been identified and documented. Programmatic measures have been suggested or are under development.

Other examples include:

Indiana State Police

The Indiana State Police (ISP) utilized the PROBE process to identify opportunities for increased efficiencies and develop results-based performance measures where they have not existed historically. For example, the ISP created plans to combine the Capitol Police dispatch functions with the ISP Network Operations Center, which will free up Capitol Police officers to perform enforcement functions. The ISP Training Division is developing and implementing a program to monitor incidents related to use of force, commission crashes, firearms discharges, internal investigations, citizen complaints and defensive tactics injuries. These incidents will be monitored and analyzed to determine the effectiveness of training, identify new training needs and target areas in need of remedial training.

Department of Correction – Re-Entry Division

The Department of Correction (DOC) recently created the Re-Entry Division to ensure public safety and reduce risk and recidivism by releasing offenders from the DOC with the tools and resources to be successful. At the time of the PROBE, the division did not have formal performance measures. In August 2006, the division developed a Re-Entry Report Card that measures the following outcome-based measures:

- Percentage of offenders released with State IDs, birth certificates, and Social Security cards.
- Percentage of successful home placements upon release.
- Percentage of offenders released with confirmed employment.
- The recidivism rate.

Would You Like to Super Size That?

Government at all levels has a tendency to consistently expand in both size and scope. Ask most government officials to name a program or activity that is no longer being performed or pursued and the likely result is a blank stare. Indiana state government has been no exception. Unchecked growth has led to a bloated, unaccountable, and disorganized governmental structure that places an undesirable burden on Hoosier taxpayers and citizens.

As it currently stands, there are 73 separate agencies and more than 300 boards and commissions that report to the Governor. It is impractical for any administration, let alone one person, to manage a structure of this complexity. Therefore, the PROBE is a starting point for introducing fiscal and managerial sanity to Indiana state government.

There exist numerous instances where multiple state programs are performing similar functions that could likely be pooled together under one umbrella. In fact, more than 20 of the 73 state agencies have fewer than 20 full-time employees. In addition to making state government more manageable, the consolidation of these functions and programs will result in substantial cost savings due to the combination of staff.

Two examples the PROBE uncovered are a proliferation of state programs performing historical and cultural functions, and programs that deal with the regulation of Indiana agriculture:

Proliferation of State Entities Performing Historical and Cultural Functions

- State Library – manages the State Library (Indianapolis), which maintains historical materials relevant to Indiana.

- State Archives – houses the state's historical records.

- State Historical Bureau – manages the state-approved historical markers program and Governors portraits, and creates historical publications.

- State Museum and Historic Sites (under Department of Natural Resources) – preserves, interprets, and presents material evidence of Indiana's cultural and natural heritage.

- Department of Historic Preservation and Archaeology (under Department of Natural Resources) – registers cemeteries and burial grounds, documents the Underground Railroad, administers the National Register of Historic Sites for Indiana and a state/federal tax credit program for historical preservation work, reviews any alterations to historic sites, reviews every State purchase of land for historic sites, reviews any State or Federally funded construction or earthmoving activity for potential archaeological impact.

- Arts Commission – provides funding and support for Indiana artists.

Proliferation of State Entities Performing Agriculture Regulatory Functions

Board of Animal Health (BoAH):
- Responsible for prevention, suppression, control and eradication of infectious, contagious and communicable diseases affecting the health of animals (mostly mammals and birds) that are consumed as food.

Animal Disease Diagnostic Lab:
- State confirmatory source for diagnosing animal diseases.

Office of the State Chemist (OISC):
- Contains Pesticide program, Fertilizer program, Feed program, Indiana seed control program, Pesticide Review Board, and Fertilizer Advisory Board.

Department of Natural Resources - Division of Entomology and Plant Pathology:
- Protects Indiana crops and natural resources from plant and apiary pests by screening agricultural and natural products, treating infected areas, and certifying that industry follows required precautions and procedures.

Egg Board:
- Inspects all egg processing plants and 4,300 Indiana retailers that sell eggs.

Creamery License Division:
- Performs essentially the same functions as the Federal Milk Marketing Administrator (regulating the weighing, sampling, and testing of milk to ensure fairness and accuracy). The Creamery Board has held one hearing in 16 years.

The idea that Indiana state government should be accountable to its citizens goes to the heart of why the PROBE was conducted. As previously stated, the degree to which Indiana state agencies and programs had been run without any concern given to measuring and reporting results was unacceptable.

The myriad of agencies, boards, and commissions results in diluted management oversight and weakened financial controls. Transparency into the state's financial data is often lacking as funds are occasionally unrecorded on the state's books or are spent through mechanisms that lack proper oversight.

The following three examples of fiscal unaccountability in state government only scratch the surface of a problem the PROBE is seeking to rectify:

Indiana Cooperative Library Services Authority

The Indiana Cooperative Library Services Authority (INCOLSA) is required by state statute to provide quarterly reports to the State Library in order to remain eligible for state appropriations and federal grants. Until this year, these reports *did not detail how any of these taxpayer funds were actually spent*. As such, it has been able to accumulate a **$7.5 million** balance. State statute does empower INCOLSA to retain a fund balance; however, the law requires the money be reserved for a specific purpose. No purpose other than for "cash flow" has been identified.

Indiana Office of Tourism Development

Much of the creative marketing program at the Indiana Office of Tourism Development (IOTD) has been contracted. At the time of the PROBE field work, annual advertising revenue of approximately **$1.8 million** was not recorded on the state's books, was managed by the contractor, and the accumulated balance was not earning interest. This arrangement had existed for years but has since been corrected.

Petty Cash

Tens of thousands of "petty cash" checks totaling **nearly $60 million** are processed annually through Special Disbursing Officer (SDO) accounts. Under the current system, transparency of transaction details, including the vendor, are not readily accessible from the state's accounting system. In addition, today's banking technology provides the opportunity to dramatically cut transaction costs and maintain proper controls for these payments. The Indiana Department of Administration, Auditor of State, and Office of Management and Budget are working to develop a pilot system that will eventually be rolled out for all state agencies.

Another feature typical of a government that has grown unchecked is disorganized sprawl. Disorganization in Indiana state government refers to programs with overlapping functions and programs that should be housed under a different roof. In the past, new programs were added to the state's bureaucracy with no consideration given to whether the functions could be assigned to an existing organization. Another way to think of it is "clutter." Indiana state government has been run like a house cluttered with furniture, appliances, papers, etc, with no attempt made to arrange, rearrange, or clean.

The following are four examples of disorganization in state government that the PROBE uncovered:

Multiple State Approving Agencies for Veterans Education

The federal government subsidizes, through the G.I. Bill, post-secondary education for veterans. To ensure that recipients are actually working toward an academic degree, the U.S. Department of Veterans Affairs contracts with a State Approving Agency (SAA) in each state to monitor these veterans' education. In Indiana, *two* separate agencies serve as a SAA (only a handful of states have two SAAs). The Indiana Department of Veterans Affairs (IDVA) performs this function for public universities and on-the-job training programs, and the Commission for Proprietary Education (COPE) performs the same function for private colleges and proprietary schools. Such a duplication of efforts is wasteful and inefficient. For example, the federal government requires the SAA's to conduct site visits. Therefore, even when public and private schools are located in the same geographic area of the state, two different agencies are contacting them to perform the same function.

Charity Gaming

Prior to the 2006 legislative session, the Indiana Department of Revenue (DOR) was responsible for the regulation of charity gaming. Historically, state laws and promulgated rules were not enforced, and the DOR had little interest in the program other than collecting the associated revenues. An early recommendation from the PROBE process involved the transferring of this function from the DOR to the Indiana Gaming Commission (IGC). The IGC is well positioned to regulate charity gaming as it already regulates riverboat gaming throughout the state of Indiana, including the licensing and investigating of the regulated community as well as the enforcement of state gaming laws and rules.

Tobacco Prevention and Cessation

The Indiana Tobacco Prevention and Cessation Trust Fund (ITPC) was created in 2000 as a result of the master tobacco settlement and is governed by an executive and an advisory board. ITPC is charged with the development and coordination of the state's plan to reduce tobacco usage. The Indiana State Department of Health (ISDH) also administers programs for the identical purpose. Each entity operates as a separate state agency but must coordinate its activities. Several of these functions are documented through memoranda of understanding between the two agencies and between one agency and the sub-grantee of the other.

Scholarships for Incarcerated Individuals

The federal government funds a grant program to assist incarcerated individuals seeking a post-secondary degree. The responsibility for administering this grant has been given to the State Student Assistance Commission of Indiana (SSACI). The beneficiaries of this scholarship are unlike any of the typical recipients of SSACI's other awards. Therefore, the program falls outside of SSACI's automated systems and requires significant amounts of manual labor.

Would You Do That with Your Money?

Hoosiers recognize that the state's monetary resources are derived in most part from taxes on their income and taxes from the companies that pay their salaries. And by and large, the individual Hoosier has very little say as to how much of their money is taken by the state, and where that money goes. Unfortunately, in both government and private life, there is a natural tendency for people to spend money less carefully when someone else is paying the bill.

A major theme that the PROBE uncovered is that in many instances the state is spending tax dollars without any rhyme or reason – indicative of a situation where it is somebody else's money being spent.

Specifically, the PROBE found four categories of concern:

- Grants allocated to local units with very little thought to the most effective means of distribution, setting grantee expectations, and little oversight of how the localities use these funds.
- Grants where the funding is insignificant
- Questionable state provision of services to units of local government, not-for-profit entities, and the private sector free of charge
- Perverse incentives as a result of providing services free of charge

With certain grant programs the state basically acts as a conduit between the federal government and local beneficiaries. In these situations the state is required to follow federal guidelines. However, regardless of whether the originating source of the funds is federal or state, the state has an obligation to all taxpayers to disburse funds in a monitored and measured manner.

Unfortunately, numerous state agencies are allocating grants to local units with very little oversight or concern as to how the money will be spent. This lack of accountability is underscored by the failure of these agencies to communicate expectations to grant recipients. Moreover, in many instances grants are distributed to counties in equal amounts, regardless of need and absent a plan to effectively and efficiently use the funds. For example:

Soil Conservation Grants

The Indiana State Department of Agriculture (ISDA) Division of Soil Conservation has, for many years, awarded each county $10,000 annually (a total of $920,000) to spend on soil conservation-related activities. While counties must provide the Division with a general description of how the money was spent, the Division does not measure grant performance, provide incentives to counties that propose better uses, or competitively award the funds based on project merit.

Geographic Information System (GIS) Grants

Regardless of the size/population of a county or actual need, the Indiana Department of Homeland Security (IDHS) provided each county with 10 laptops containing aerial photography and free viewer software. The following year IDHS provided each county with $17,000 grants that could be used to either buy laptops or provide web map services for framework data that IDHS can utilize for statewide purposes. Each county received the grant with no consideration given to actual performance or usage.

Community Development Block Grants

Grant programs often allow for a wide range of uses for the funds. Such flexibility often creates performance measurement challenges because the number of eligible uses often dilutes the grant program's impact either geographically or in acutely addressing the greatest area of need. This has been the case with the Community Development Block Grant program. The annual planning document required by the U. S. Department of Housing and Urban Development was viewed by the former Indiana Department of Commerce as an obligatory chore to be contracted that included limited policy development and priority setting. Furthermore, its primary performance measure was the pace of funding obligation and expenditure – not the difference that such spending made on the intended beneficiary community.

The PROBE also uncovered state programs benefiting localities that are of questionable need for the simple fact that the dollar amounts being issued are insignificant – often to the point of absurdity. It should be noted that the logical conclusion to this situation is **not** to give such programs more money. Rather, the continued existence of these programs is another symptom of a bloated and disorganized government. Moreover, most of the money goes toward the funding of activities that are the proper domain of the localities.

The following is an example of a state program originally created to assist local government units that does not generate any measurable impact:

Distribution to Public Libraries

This program dating from the 1950's was intended to provide local libraries with funds in addition to those garnered from property taxes (the traditional – and arguably proper – funding mechanism for local libraries). Initially, total distribution funding was in excess of $1 million (in 1960 dollars). Today it is about $600,000 (in current dollars). In other words, this dated program has become insignificant and unnecessary. For instance, the largest recipient receives approximately $17,000. Many receive the minimum amount of $200, and most local libraries just use their distribution for general operating expenses.

The state provides services to units of local government, not-for-profit entities, and the private sector free of charge. It is unclear when the state should pay for these services, and when the customers should pay fees for services provided. In the following two cases, state employees essentially serve as free consultants to for-profit entities:

Emergency Medical Services Commission

The Emergency Medical Services (EMS) Commission within the Indiana Department of Homeland Security (IDHS) inspects and certifies all EMS providers, public and private, at no cost. Both ambulance companies and local EMS agencies receive these services free of charge. There are currently 831 total providers, 90 of which are private.

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Board of Animal Health

The Board of Animal Health (BoAH) provides free inspection and consultation to all meat and poultry plants which ship their product within the state of Indiana (about 130 overall; 99 of which establish weekly slaughter schedules). The Board also provides free inspection to all dairy production facilities in the state of Indiana.

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The state also creates perverse incentives by offering services for free. Basic economics illustrates that people consume a lot more of something when they do not have to pay for it. Local government agencies are no different. In addition, by allowing localities to free-ride on state provided services, an unhealthy dependency is created and reinforced. In an ideal situation, the state performs functions that benefit all Hoosiers, while local units perform functions specific to the citizens located within their boundaries.

The following are two examples of unintended consequences of providing services to local government free of charge:

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Indiana State Police Laboratory

The Indiana State Police (ISP) Laboratory provides scientific analysis (e.g., controlled substance identification, DNA examinations) to state and local agencies. These services are provided at no cost to these local agencies, so there are no incentives for prosecutors and local agencies to limit the number of samples they submit. As a result, a substantial backlog of more than 1,000 DNA cases was created. Approximately 80 percent of analytical services and 55 percent of field services are in support of county and municipal policy agency investigations. The ISP Laboratory recently implemented a tiered evidence submission policy, asking local agencies to submit their most promising samples first. Additional items will be accepted if the initial submissions do not return any useful information. Screening and limiting the number of items of evidence initially submitted will reduce the backlog and turnaround time, thereby increasing the number of violent offenders identified. Thus, ISP will be able to proactively intervene in serial/repetitive offenses.

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Department of Local Government Finance

The Department of Local Government Finance (DLGF) oversees the levying of property taxes and property assessments. DLGF, in practice, goes beyond its statutory obligation to provide free services to local governments in two ways:

1. The DLGF Budget Division is tasked with oversight of approximately 2,600 taxing units across the state. DLGF actually performs the administrative budgeting work for many of these taxing units, in effect acting as a free budget analyst.

2. The Assessment Division, by law, is supposed to provide support and oversight of more than 1,100 local assessing officials. In fact, the Assessment Division provides free consulting, training, and certification to these officials.

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A variation on this theme occurs when a program is unnecessarily expanded for the benefit of a locality because the federal government is paying for it. However, if the federal government stops funding the program, the state is left holding the bill. For example:

<u>Auto Emissions Testing</u>

Auto emissions testing in Northwest Indiana has been required by the U.S. Environmental Protection Agency for about 10 years. In the late 1990's, the number of testing stations in Lake and Porter Counties was increased from five to seven even though operations were in compliance with the standards of proximity and wait time. At the time, the federal government paid the cost of operating the stations. Now the state general fund pays the entire cost.

Are Dinosaurs Really Extinct?

In almost every facet of the human existence people and organizations are faced with constant change. History is replete with examples of ideas and products that have evolved, become altered, or even rendered obsolete as societies have transformed, technologies have been introduced, and processes adapted to fit new conditions and realities. Thirty years ago it was the typewriter and telephone – now it is word processing software and the Internet.

However, government programs seem to operate in a vacuum given their ability to successfully resist change. And when faced with obsolescence, government programs have an uncanny ability to generate new endeavors in order to justify their survival.

Thus, one of the most important objectives for the PROBE was to weed out the state's bureaucracy for programs of questionable value and purpose. In doing so, the PROBE exposed programs that cannot produce results, programs that were created with critical defects, programs that have outlived their usefulness, and programs that linger on via "mission creep."

The following two programs are examples of state functions that simply do not produce results:

Agriculture Value-Added Research Program

The Indiana Department of Agriculture (ISDA) Value-Added Research Program's purpose is vague and dubious. The program purports to support eight general activities that may be related to agriculture, including: "Develop a strategic assessment of the Indiana agricultural industries and establish targeted priorities for industry expansion." Not surprisingly, this program has no performance measures and no measurable results to justify its cost.

Department of Gaming Research

The Department of Gaming Research was created by statute in 2002. In its first two full years of existence, the department spent more than $300,000, much of which was used to produce two annual reports. The annual reports provided information that was largely available on the websites of the Indiana Gaming Commission, the Indiana Horse Racing Commission, the Department of Revenue (Charity Gaming), and the Hoosier Lottery. The department provided no tangible results to justify its cost.

A variation on this theme occurs when a program addresses a need, but is designed in a way that prevents it from actually meeting the need it was created to address. For example:

Commission for Higher Education

The Commission for Higher Education (CHE) is charged with developing and implementing a long range plan for postsecondary education including educational missions and projected enrollments of the public colleges and universities. CHE has regularly updated its strategic plan. Although it has the responsibility to implement this plan, the commission lacks the practical authority to do so. The board of trustees at each individual institution ultimately have the power to run each public university as they see fit.

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Coroners Training Board

The Coroners Training Board (CTB) was created by statute in 1993 in response to calls to transition entirely to a medical examiner system. In Indiana there are no experience or skill requirements for being elected coroner. As a result, coroners often lack the training and expertise to serve as medical investigators at death scenes. The legislature created a board to establish training guidelines for locally elected officials, and funded the board with a $1 fee on the sale of every death certificate. The problem was that coroners, as separately elected officials by the Constitution, could not be mandated to receive the training and be certified by the CTB. Therefore, rules could only be promulgated to mandate that deputy coroners be certified.

Twelve years earlier, the legislature charged the Commission on Forensic Sciences to create a medical examiner system with five districts "to aid, assist, and complement the coroner in the performance of his duties by providing medical assistance in determining causes of death; and to establish minimum and uniform standards of excellence, performance of duties, and maintenance of records to provide information to the state regarding causes of death for cases investigated." Since the Commission on Forensic Sciences has been dormant, one cannot identify these services as redundant but they do reflect two statutory attempts to address a problem that may not be solvable by statute.

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One of the more undesirable results of government on autopilot is the tendency for outdated endeavors to linger on in perpetuity. There exists a substantial lag between societal and technological advance, and the government's ability to "keep up" with the times. As a result money is wasted – and in the first case, public dollars are forgone.

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Merchant Collection Allowance (Department of Revenue)

Indiana law allows retailers to retain .83% of the sales tax liability as compensation for the requisite task of collecting and remitting the tax to the state. Today, many large retailers have systems that report and remit sales tax electronically at a relatively low cost. While it should be recognized that these retailers had to make an investment in the sophisticated technology, the fee is overly generous to the large retailers. For comparison purposes, twenty-three states do not give any vendor allowances. In many cases, states have a maximum allowance and/or apply a reduced rate above a determined amount. For example, South Carolina has a scaled allowance schedule with a $3,100/year maximum. A cap of $10,000 per retailer in Indiana would increase annual sales taxes remitted to the state by an estimated **$11 million**.

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Two other examples include:

State Board of Accounts

Created in 1909, the State Board of Accounts was founded in response to a demand for greater integrity in public accounts. As a result, the focus of much of the last 100 years has been on auditing for fraud. While preventing and detecting fraud is a noble cause, the statutes have saddled the State Board of Accounts with outdated procedures that limit its value to state and local government financial managers. The requirement that all government units must be examined, and that such examination be conducted on a surprise basis, prevents the Board of Accounts from executing its activities according to a risk-based formula. This is a suboptimal use of resources. In addition, the restriction that audit comments be limited to only violations of law or uniform accounting policy severely inhibits recommendations for improved operational or financial management.

Indiana State Police Dispatch Centers

The Indiana State Police (ISP) operates dispatch centers at each of their 18 police posts. When the ISP operated low band radios, such an arrangement made some sense. However, Project Hoosier SAFE-T is in the final stages of implementing an 800 MHz system that enables interoperable communications statewide. As a result, the ISP could operate with as few as 1 dispatch center if needed. Most states have recently consolidated dispatch centers or are in the process of consolidation. An analysis of more than a dozen other states indicates that Indiana has nearly twice as many dispatch centers as any of these states have or will soon have. Whether measured on a per capita, per square mile, or per million vehicle miles traveled, the ISP has far more dispatch centers than similar departments in other states. A consolidation to 5 or 6 regional dispatch centers would result in operational savings of approximately **$1.5 million** annually, not counting the avoidance of capital and on-going maintenance costs.

Lastly, the PROBE discovered instances where state programs took on new missions in order to justify or expand their budgets because their original mission was complete or no longer needed.

The following are three examples of "mission creep" within Indiana state government:

Indiana Higher Education Telecommunication System

Indiana Higher Education Telecommunication System (IHETS) was originally created to build and maintain a network to connect the state's higher education institutions to each other and the Internet. IHETS no longer has responsibility for maintaining this network. Instead of being promptly eliminated, the program changed its focus to the support of multi-media applications (such as video-conferencing) running on the network. It also promotes distance learning classes offered by the universities, an activity that the universities are properly doing themselves. Instead of users paying for the service (both public and private schools utilize the service), IHETS is funded out of the general fund and currently maintains a **$4 million** fund balance.

Commission on Proprietary Education

The Commission on Proprietary Education (COPE) was created to protect students, educational institutions, the general public, and operators of private schools from dishonest and unethical practices. The commission's stated mission is to maintain and improve the educational quality and vocational effectiveness of private career schools operating in Indiana, and to support educational access through consumer protection and business support. COPE has gone beyond its statutory role of confirming that private schools meet accreditation standards to lending direct assistance to these private entities. Regardless, the underlying rationale for the program's existence is dubious given that public dollars are being spent on approving degrees at private schools. Ultimately it will be employers who determine the value of those degrees (by whether or not they hire the graduates of proprietary schools).

Professional Licensing Agency (PLA)

In 2005 the Professional Licensing Agency (PLA) was merged with the Health Professions Bureau because of similar responsibilities between the two organizations. Today, PLA provides administrative support for 39 boards, commissions, and committees created to license and regulate various professions and occupations. There are over 400,000 licensees in occupations that include physicians, accountants, manufactured home installers, boxing match timekeepers, and shampoo operators. Because of the similarity of functions, several licensed activities could be served by a single board instead of having individual boards. Some of these have been highlighted by the Government Efficiency Commission sub-committee report on boards and commissions.

The PLA has also been assigned tasks that should clearly reside with the industry such as serving as bookkeeper for the funeral directors' continuing education fund. All of these factors limit PLA staff to being primarily processors and prevent them from serving their intended function as regulatory support. Consideration should also be given to allowing private trade organizations to certify and accredit professions and occupations. Continued regulatory expansion into private industry creates barriers to entry that limit competition.

Why Buy Two When One Will Do?

Scenario #1: Imagine this: two small state agencies need an accountant to manage the books for an estimated four hours per day. Each agency hires its own accountant. The two accountants begin working and are busy every day managing the books in the morning, but by noon they have run out of work to do.

Scenario #2: Instead of each of the agencies each hiring their own accountant, they could share one person. The agencies would spend 50% less, and the accountant would have a full workload serving both agencies.

While the advantage of Scenario #2 may seem obvious, in reality, examples of shared services are rare in state government. Can you imagine if every state agency had its own high speed print/copy center, which were operational less than 40% of the time, on average? (There are at least six of these centers in state government today!) Can you imagine if every agency owned its own expensive microfilm equipment, which was not shared with other agencies? (In fact, there are at least four state agencies that own and operate microfilm equipment today!)

State government currently has opportunities to save tens of millions of dollars annually through the aggressive implementation of shared services. A *shared services model* means the consolidation of administrative or support functions (such as human resources, finance, information technology and procurement) from several departments or agencies into a single, stand-alone organizational entity whose only mission is to provide services as efficiently and effectively as possible. Shared services frees up scarce resources to allow departments and agencies to focus on their core business and on their customer needs, while providing organizational flexibility to have the administrative back-office structures independent of front-line activities.

PROBE identified many shared services opportunities within state government, including, but not limited to:

- Financial management for non-cabinet agencies
- Administrative law judges
- Real estate management
- Micrographics
- Retirement funds' administrative functions
- Engineering/public works/archaeological review
- Contract monitoring/management
- Background checks/fingerprinting
- Collections and remittance services
- Data Warehousing
- Call Centers
- Criminal Investigations

One of the administration's most successful shared services initiatives is the information technology (IT) consolidation effort which began in 2005. Prior to the consolidation, each agency had staff dedicated to IT services. Led by the Indiana Office of Technology (IOT), the effort established IOT as the shared services provider of computer support for all state agencies. Agency by agency, 369 existing IT support positions were consolidated by IOT, resulting in a workforce of 170 positions capable of providing better, measurable IT support to state agencies. The IOT shared services model has saved the state more than **$13.9 million** in 2005 and 2006.

What's Wrong with Competition If the Taxpayer Wins?

In the private sector, the market determines the value of ideas, goods, and services according to the price that consumers are willing to pay. Too often in the public sector, however, government becomes tempted to subsidize commercial activities capable of being supported by private investors.

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Subsidies to the Horse Racing Industry

In 1995 the state legislature began subsidizing the horse racing industry in Indiana using $0.65 from the $3 admission tax on riverboat gaming. Between 1995 and 2005, nearly $223 million of riverboat revenue has been allocated to the horse racing industry. In 2005, **$10.8 million** went directly to the two race tracks, another **$10.8 million** was allotted to purses, and **$5.4 million** went to breed development funds (much of which is also used to supplement purses at the tracks). It is unclear if these subsidies are intended to exist in perpetuity, or if the horse racing industry is expected to become self-sufficient sometime in the future. Equally unclear is the economic return on the taxpayer dollars spent on these subsidies.

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This practice of "picking winners" is not limited to subsidies to entire industries such as horse racing. Some state government programs attempt to create entire markets for goods and services where none existed previously. For example:

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Waste Tire Market Creation

For the past ten years, the State has provided grants and loans to develop markets for products containing waste tires. While many demonstration projects have been funded, the State has limited success in the creation of self-sustaining markets for waste tires. Research and development for uses of waste tires is also funded by the Environmental Protection Agency and private industry.

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Many of state government's internal functions are truly "commercial functions" such as cleaning buildings, delivering mail, and scanning and microfilming documents. Since state government is a monopoly, it rarely benchmarks the service levels and costs of these operations against peers in the private sector.

State government has opportunities to compete these commercial functions against the private sector to drive improved service and save taxpayers' money. *Competitive sourcing* means to compare the performance of the government organization with that of a private sector organization using cost, quality and/or other criteria. Competitive sourcing is not outsourcing, however. Outsourcing is the actual contracting out of an activity. Outsourcing can be the result of a public-private competition if private industry wins. Conducting a public-private competition is a highly structured process to ensure that both the private and public sectors compete on a level playing field.

The following are just a few of state government's internal functions whose service and costs could be improved through competitive sourcing:

- Department of Revenue – Returns Processing Center
- Fleet maintenance (Motor Pool and individual agencies)
- Parking
- Print / Mail
- Indiana Department of Transportation – Highway Maintenance
- Facilities Management
- State Inn Management
- Employee Benefits Administration
- Micrographics
- Records Center
- Department of Correction (DOC) – Adult and Juvenile Education
- DOC – work release
- Collections services
- Food Services
- Laboratory functions (Indiana State Police, State Department of Toxicology, Indiana State Department of Health)
- Department of Natural Resources (DNR) fisheries
- DNR nurseries
- Surplus Property
- Veterans Memorial Cemetery
- Call Centers
- Indiana Department of Homeland Security Inspections (Boiler & Pressure Vessel; Elevator & Amusement Rides; Fire & Building Code)
- State Job Bank
- Bureau of Motor Vehicles - Branch Operations

Action Plan

The report thus far has identified findings and themes discovered during the PROBE process, and have illustrated these themes with examples and observations from all areas of state government.[*] But the reader – whether a state legislator, state government employee, or Hoosier taxpayer – may be wondering, "So what do we do now?"

In the pages that follow, we have outlined a series of recommendations for action by the executive and legislative branches of government. Broadly speaking, the recommendations fit into one of three categories:

1) Organizational and structural recommendations, which may require action by both the legislative and executive branches;

2) Statutory recommendations, which require legislative action in order to enhance government performance and/or eliminate obstacles to programmatic success; and

3) Operational recommendations, to be implemented by the executive branch.

The Office of Management and Budget (OMB) looks forward to the opportunity to work with both the Indiana General Assembly and executive branch agencies to implement these recommendations.

Road Map for the Office of Management and Budget (OMB)

A. Outcome-based Performance Measures and Performance-Informed Budgeting

The primary finding of the PROBE process is that a majority of state programs do not measure performance and report results. Consequently, Indiana state government is asking Hoosier taxpayers to accept on "faith" that their money is being used to accomplish the programs' stated goals. As a first step toward performance-informed budgeting, OMB will require that all agencies and entities create outcome-based performance measures for all programs. OMB will work with the agencies during early 2007 to help develop these measures, and to benchmark measures and targets with the best practices of the market or from other states.

The results of these performance measures must be reported upon quarterly to OMB, and shall be included in every agency's future budget requests. The results will be reported to the General Assembly during the budget development process for FY 2010-11 which begins in the summer and fall of 2008. In such a way, the executive and legislative branches will be provided with the tools to conduct performance-informed budgeting. This would represent a dramatic improvement over the incremental – give every program a nominal increase – budgeting of the past. Indiana state government cannot continue to distribute funds to programs based upon good intentions, and not on performance. If results cannot be demonstrated, then programs should be eliminated and funds redirected to a use that produces greater public value, which could include more effective programs or a refund to Hoosier taxpayers.

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[*] PROBE documentation is still being completed for the following agencies: Family and Social Services Administration (FSSA), Department of Child Services (DCS), Department of Education (DOE), Indiana Housing and Community Development Authority (IHCDA), Indiana School for the Blind, and Indiana School for the Deaf. PROBE results will be shared with these entities by January 5, 2007 and will be available to the public along with all other PROBE documents and agency responses in early January. Supplementary appendices will be filed with the General Assembly in January.

B.   Shared Services and Competitive Sourcing Opportunities

The PROBE identified a number of opportunities for agencies to share services in order to operate more efficiently and focus upon the core missions of their programs. The PROBE also identified occasions where state government can increase service and cost effectiveness by introducing competition to the monopoly that is state government. OMB will provide a prioritized list of shared services and competitive sourcing opportunities to the OMB Director by January 1, 2007. Timeframes will be established for all prioritized opportunities, and OMB will work with the impacted agencies to implement approved consolidations and competitions.

C.   Financial Management

The PROBE identified a range of issues related to inadequate transparency into the state's finances. Currently, fund balances for all fund centers must be reported to OMB in each agency's biennial budget submission. OMB will require all government agencies, quasi-governmental entities, boards, and commissions to report fund center balances to OMB annually. Particular attention shall be focused on those appropriations that are passed on to quasi- and non-state government agencies. Such reporting will include justifications for accumulated balances which are excessive for the program purpose. These reports should be submitted before August 1st of each year.

D.   Structural Reorganization of State Government

The organization and structure of Indiana state government is the result of decades spent creating new agencies, boards, commissions, and programs to address problems and placate special interests. With 73 agencies and more than 300 boards and commissions, Indiana state government today is unmanageable, unaccountable, and inefficient. If state government were created today, it is doubtful that the new organizational structure would look anything like today's state government. At times, programs have simply been inappropriately assigned to an agency, or have been created as stand-alone agencies instead of being incorporated within an existing agency. In fact, more than 20 of the 73 state agencies have fewer than 20 full-time employees.

OMB will coordinate the executive branch participation of the sunsetting of all boards and commissions as recommended by the Government Efficiency Commission and concurring memorandum of Governor Daniels.

In conjunction with the boards and commissions sunsetting process, OMB will craft a re-organization plan for executive branch agencies addressing span of control issues, enhanced accountability, opportunities to break down silos and realize efficiencies in state government.

Suggestions for Consideration by the Indiana General Assembly

A. Organizational Recommendations

OMB requests the Indiana General Assembly consider the following:

- Elimination of agencies, programs, and/or their funding, as they cannot demonstrate results, continued need, or their functions can be performed by another agency or entity. These recommendations are included in **Appendix C**.

- Selected examples of consolidations, mergers, and reorganizations are also included in **Appendix C**. The proposed recommendations would improve accountability and transparency, and generate additional savings.

B. Statutory Recommendations

The PROBE process identified a number of statutory obstacles to exceptional program performance. Many of these laws were passed to satisfy special interests at the expense of most Hoosiers. Other laws have not been updated to reflect changes in technology or society. OMB has included a list of recommended statutory changes in **Appendix D**.

Recommendations for Executive Branch Agencies

The PROBE process identified a number of operational improvements and efficiencies that can be implemented by executive branch agencies. These recommendations include process improvements, increased uses of technology, greater attention to customer service, as well as shared services and competitive sourcing opportunities. OMB has included a list of these recommendations in **Appendix E**.

Appendices

Appendix A: PROBE (Program Results: an Outcome-Based Evaluation) Template

Appendix B: PROBE Review Evaluations

Appendix C: Organizational Recommendations

Appendix D: Statutory Recommendations

Appendix E: Operational Recommendations

Appendix A: PROBE (Program Results: an Outcome-Based Evaluation) Template

Agency:
Program Name:
Program Fund Center:
Date Completed (MM/YY):

Section I-Program Purpose & Design					
Questions	**Answer**	**Comments**	**Evidence**	**Weight**	**Score**
Is the program purpose clear?				20%	
Does the program address a specific and existing problem, interest or need?				20%	
Is the program designed so that it is not redundant or duplicative of other state, federal, local or private efforts?				20%	
Is the program free of design flaws or other obstacles that would limit its effectiveness or efficiency?				20%	
Is the program effectively designed and targeted, so that resources will reach intended beneficiaries and/or address the program's purpose?				20%	
Section I-Program Purpose & Design Score				**100%**	

Section II-Program Planning					
Questions	**Answer**	**Comments**	**Evidence**	**Weight**	**Score**
Have specific long-term, results-based performance measures that are linked to the program purpose been established?				25%	
Does the program have ambitious targets and timeframes for its long-term measures that reasonably compare with peer group activities?				25%	
Have the program purpose, goals and measures been communicated throughout the organization and across program partners?				25%	
Has the agency or department responsible for this program taken meaningful steps or developed a plan to address any deficiencies indicated by the questions above?				25%	
Section II-Program Planning Score				**100%**	

Section III-Program Management					
Questions	**Answer**	**Comments**	**Evidence**	**Weight**	**Score**
Does the agency regularly collect timely and credible performance information, including information from key partners, and use it to manage the program and improve performance?				20%	
Are managers, key personnel and program partners held accountable for cost, schedule, efficiency and performance results?				20%	
Does the program have procedures (e.g., competitive sourcing/cost comparisons, IT improvements, incentives) to measure and achieve efficiencies and cost effectiveness in program execution and service delivery?				20%	
Does the program collaborate and coordinate effectively with related programs?				20%	
Does the program participate in the statewide strategic sourcing initiative to ensure inputs are purchased at the lowest possible cost?				20%	
Section III-Program Management Score				**100%**	

Section IV-Program Results					
Questions	**Answer**	**Comments**	**Evidence**	**Weight**	**Score**
Has the program demonstrated adequate progress in achieving its long-term performance goals?				25%	
Does the program demonstrate improved efficiencies or cost effectiveness in achieving program goals each year?				25%	
Does the performance of this program compare favorably to other programs with similar purposes, including government, private, etc.?				25%	
Is input regularly sought, gathered and reviewed to address any deficiencies in customer service or address any changes in programmatic circumstances?				25%	
Section IV-Program Results Score				**100%**	

Section	Weighting	Score	Weighted Score
Section I-Purpose & Design	20%		
Section II-Planning	20%		
Section III-Management	25%		
Section IV-Results	35%		
Total Program Score	**100%**		
Program Rating			

Appendix B: PROBE Review Evaluations

Name of Program	Agency	Purpose & Design	Planning	Management	Results	Rating	Response
Governor's Contingency	Adjutant General	40	100	100	50	Moderately Effective	Yes
Main Operating Account	Adjutant General	60	100	100	59	Moderately Effective	Yes
Major Construction Cooperative Agreements	Adjutant General	60	100	100	25	Adequate	Yes
Master Cooperative Agreements	Adjutant General	60	100	100	33	Adequate	Yes
Facilities Management	Administration	40	25	75	33	Results Not Measured	Yes
Minority and Women's Business Enterprises	Administration	40	25	50	8	Ineffective	Yes
Motor Pool	Administration	40	25	25	25	Results Not Measured	Yes
Parking Services	Administration	60	25	50	25	Results Not Measured	Yes
Procurement	Administration	40	100	60	25	Adequate	Yes
Public Works	Administration	40	25	100	33	Ineffective	Yes
Real Estate Leasing	Administration	40	0	60	0	Results Not Measured	Yes
State and Federal Surplus	Administration	40	0	0	25	Results Not Measured	Yes
State Land Office	Administration	40	0	25	8	Results Not Measured	Yes
Clean Water	Agriculture	40	25	20	8	Results Not Measured	Yes
Commissioner's Office	Agriculture	60	100	50	17	Adequate	Yes
Livestock Industry Promotion	Agriculture	40	50	20	0	Results Not Measured	Yes
Soil Conservation	Agriculture	40	25	20	17	Results Not Measured	Yes
Value Added Research	Agriculture	20	50	40	0	Results Not Measured	Yes
Alcohol	Alcohol and Tobacco	40	75	80	42	Adequate	Yes
Licensing	Alcohol and Tobacco	40	25	25	8	Ineffective	Yes
Tobacco	Alcohol and Tobacco	60	75	100	59	Moderately Effective	Yes
Administration	Animal Health	60	75	25	33	Results Not Measured	Yes
Johne's Disease	Animal Health	80	75	100	22	Adequate	Yes
Meat and Poultry Inspection	Animal Health	60	25	50	17	Results Not Measured	Yes
National Animal Identification System	Animal Health	80	100	67	33	Adequate	Yes
Scrapie	Animal Health	80	67	67	25	Adequate	Yes
National Endowment for the Arts Federal Grants	Arts Commission	80	50	100	8	Results Not Measured	Yes
State Administration and Programs	Arts Commission	80	50	75	8	Results Not Measured	Yes
State Budget Agency	Budget	40	25	60	25	Results Not Measured	(1)
Indiana Civil Rights Commission	Civil Rights	60	25	50	25	Results Not Measured	Yes
Adult Education	Corrections	40	100	100	33	Adequate	Yes
Central Office - Administration	Corrections	40	0	50	25	Results Not Measured	Yes
Community Corrections	Corrections	60	25	75	25	Results Not Measured	Yes
Construction Services	Corrections	60	25	75	33	Results Not Measured	Yes
Contract Management	Corrections	60	25	75	33	Results Not Measured	Yes
Custody	Corrections	60	100	75	25	Adequate	Yes
Emergency Response Operations	Corrections	60	0	75	33	Results Not Measured	Yes
Finance and Performance	Corrections	40	75	100	50	Adequate	Yes
Human Resources	Corrections	80	50	100	42	Adequate	Yes
Juvenile Education	Corrections	40	100	75	8	Ineffective	Yes
Legal	Corrections	40	25	0	8	Results Not Measured	Yes
Parole	Corrections	40	100	75	8	Ineffective	Yes
Parole Board	Corrections	40	25	25	17	Results Not Measured	Yes
Planning and Research	Corrections	40	25	75	8	Results Not Measured	Yes
Prison Enterprises Network: Central Office	Corrections	60	100	50	25	Adequate	Yes

Name of Program	Agency	Purpose & Design	Planning	Management	Results	Rating	Response
Prison Enterprises Network: Chemicals	Corrections	60	25	75	33	Results Not Measured	Yes
Prison Enterprises Network: Commissary	Corrections	60	25	80	42	Results Not Measured	Yes
Prison Enterprises Network: Farms	Corrections	40	75	25	0	Ineffective	Yes
Prison Enterprises Network: Food Processing	Corrections	40	50	25	0	Ineffective	Yes
Prison Enterprises Network: Furniture	Corrections	40	25	50	8	Results Not Measured	Yes
Prison Enterprises Network: Garments	Corrections	60	25	100	8	Results Not Measured	Yes
Prison Enterprises Network: Joint Ventures	Corrections	60	25	75	42	Results Not Measured	Yes
Prison Enterprises Network: License Plates	Corrections	60	25	75	25	Results Not Measured	Yes
Prison Enterprises Network: Printing	Corrections	60	25	75	17	Results Not Measured	Yes
Reception Diagnostic Center / Classification	Corrections	40	0	50	25	Results Not Measured	Yes
Re-Entry	Corrections	60	0	100	42	Results Not Measured	Yes
Religious Programs	Corrections	60	100	100	67	Moderately Effective	Yes
Substance Abuse	Corrections	40	100	50	25	Ineffective	Yes
Technology Services Division	Corrections	40	25	25	8	Results Not Measured	Yes
Training	Corrections	60	25	100	50	Results Not Measured	Yes
Work Release	Corrections	40	100	75	33	Adequate	Yes
Drug and Crime: Coverdell	Criminal Justice	80	75	25	17	Ineffective	Yes
Drug and Crime: JAG	Criminal Justice	40	25	0	25	Results Not Measured	Yes
Drug and Crime: NCHIP	Criminal Justice	40	25	0	8	Results Not Measured	Yes
Drug and Crime: RSAT	Criminal Justice	60	25	25	8	Results Not Measured	Yes
Drug and Crime: SDFCF	Criminal Justice	20	25	0	17	Results Not Measured	Yes
Research Division	Criminal Justice	60	25	75	25	Results Not Measured	Yes
Traffic: ASP	Criminal Justice	80	100	75	42	Adequate	Yes
Traffic: CATS	Criminal Justice	60	25	0	8	Results Not Measured	Yes
Traffic: FACT	Criminal Justice	100	100	100	67	Effective	Yes
Traffic: Marketing	Criminal Justice	80	0	75	33	Results Not Measured	Yes
Traffic: OPO (ISP)	Criminal Justice	80	100	80	42	Moderately Effective	Yes
Traffic: OPO (Law Enforcement)	Criminal Justice	80	100	100	42	Moderately Effective	Yes
Traffic: SFST	Criminal Justice	80	50	25	8	Ineffective	Yes
Traffic: SUDS and CIS	Criminal Justice	60	50	50	25	Ineffective	Yes
Traffic: TSRP	Criminal Justice	80	50	75	42	Adequate	Yes
Victims: STOP	Criminal Justice	60	25	25	17	Results Not Measured	Yes
Victims: Victims Assistance	Criminal Justice	60	25	25	17	Results Not Measured	Yes
Victims: Victims Compensation	Criminal Justice	40	75	0	8	Ineffective	No
Youth: EUDL	Criminal Justice	60	25	50	25	Results Not Measured	Yes
Youth: JABG	Criminal Justice	60	50	50	17	Ineffective	Yes
Youth: Project IMPACT	Criminal Justice	20	0	0	0	Results Not Measured	Yes
Youth: Safe Haven	Criminal Justice	40	25	25	33	Results Not Measured	Yes
Youth: Title II	Criminal Justice	60	50	50	17	Ineffective	Yes
Youth: Title V	Criminal Justice	60	50	50	17	Ineffective	Yes
Coroners Training Board	CTB	40	50	75	8	Ineffective	Yes
21st Century Fund	Economic Development	60	67	75	8	Ineffective	Yes
Business Promotion Program	Economic Development	60	25	100	33	Results Not Measured	Yes
Industrial Development Grant Program	Economic Development	80	100	75	8	Adequate	Yes
International Trade	Economic Development	80	25	100	17	Results Not Measured	Yes
Local and Rural Economic Development Offices	Economic Development	20	25	33	8	Results Not Measured	Yes
Small Business Development Corporation	Economic Development	40	75	75	25	Adequate	(1)

Name of Program	Agency	Purpose & Design	Planning	Management	Results	Rating	Response
Tech Park	Economic Development	60	75	50	17	Ineffective	Yes
Training 2000	Economic Development	80	50	67	25	Adequate	Yes
Education Employees Relation Board	EERB	40	25	25	8	Results Not Measured	Yes
Administration	Environmental Management	40	100	100	25	Adequate	Yes
Air Management Operations	Environmental Management	80	100	100	50	Moderately Effective	Yes
Asbestos	Environmental Management	60	25	75	17	Results Not Measured	Yes
Auto Emissions Testing	Environmental Management	60	100	100	50	Moderately Effective	Yes
Beach Protection	Environmental Management	60	100	100	75	Moderately Effective	Yes
Biowatch Air Monitoring	Environmental Management	80	100	100	50	Moderately Effective	Yes
Boating Infrastructure	Environmental Management	60	0	25	0	Results Not Measured	Yes
Clean Vessel Pumpout	Environmental Management	100	100	100	33	Moderately Effective	Yes
Drinking Water	Environmental Management	80	100	75	33	Adequate	Yes
Enforcement	Environmental Management	60	100	75	33	Adequate	Yes
Hazardous Waste	Environmental Management	80	100	100	42	Moderately Effective	Yes
Investigations	Environmental Management	40	0	0	0	Results Not Measured	Yes
Laboratory Contracts	Environmental Management	20	0	50	0	Results Not Measured	Yes
Lead Paint	Environmental Management	40	0	0	0	Results Not Measured	Yes
Legal	Environmental Management	20	0	0	8	Results Not Measured	Yes
OPPTA Compliance & Technical Assistance Program	Environmental Management	60	100	100	67	Moderately Effective	Yes
Solid Waste Permitting	Environmental Management	80	100	75	42	Adequate	Yes
Source Reduction and Recycling	Environmental Management	20	0	25	17	Results Not Measured	Yes
Title V Air Permits	Environmental Management	80	100	100	33	Moderately Effective	Yes
Underground Storage Tanks	Environmental Management	80	100	100	25	Adequate	Yes
US Geological Survey Mercury Monitoring	Environmental Management	80	75	75	33	Adequate	Yes
Waste Tire Recycling	Environmental Management	40	0	50	8	Results Not Measured	Yes
Water Permitting and Compliance	Environmental Management	60	100	100	25	Adequate	Yes
Watershed Management	Environmental Management	40	0	50	33	Results Not Measured	Yes
Department of Financial Institutions	Financial Institutions	80	25	100	59	Results Not Measured	Yes
Administrative	Gaming Commission	60	75	75	50	Adequate	Yes
Charity Gaming	Gaming Commission	20	25	50	22	Results Not Measured	Yes
Enforcement	Gaming Commission	80	25	75	25	Results Not Measured	Yes
Investigative	Gaming Commission	60	75	100	42	Adequate	Yes
Gaming Research	Gaming Research	20	0	0	0	Results Not Measured	Yes
Governors Council for People with Disabilities	GCPD	80	0	75	17	Results Not Measured	Yes
Breast and Cervical Cancer Early Detection	Health	60	50	75	33	Adequate	Yes
Consumer Protection	Health	40	50	25	8	Ineffective	Yes
Emergency Preparedness	Health	60	100	75	50	Adequate	Yes
Epidemiology Resource Center	Health	40	75	25	25	Ineffective	Yes
HIV - Sexually Transmitted Disease	Health	60	50	75	25	Ineffective	Yes
Immunization	Health	80	100	50	59	Adequate	Yes
Indiana Veterans' Home	Health	60	25	100	50	Results Not Measured	Yes
Lead Poisoning Prevention	Health	80	100	50	33	Adequate	Yes
Maternal Child Health	Health	60	100	75	42	Adequate	Yes
Medicare and Medicaid	Health	40	50	75	25	Ineffective	Yes
Minority Health	Health	60	50	100	25	Adequate	Yes
Oral Health	Health	60	0	25	17	Results Not Measured	Yes
Public Health Labs	Health	60	0	80	33	Results Not Measured	Yes

Name of Program	Agency	Purpose & Design	Planning	Management	Results	Rating	Response
Rural Health	Health	60	25	0	0	Results Not Measured	Yes
Soldiers and Sailors Children's Home	Health	80	25	75	33	Results Not Measured	Yes
Trauma Emergency Medical Services	Health	40	0	50	0	Results Not Measured	Yes
Vital Records	Health	60	100	100	25	Adequate	Yes
Women, Infants, and Children	Health	80	50	50	8	Ineffective	Yes
Women's Health	Health	60	25	50	0	Results Not Measured	Yes
Administration	Higher Education	40	50	50	25	Ineffective	(1)
Education Roundtable	Higher Education	60	25	50	33	Results Not Measured	(1)
Learn More Indiana	Higher Education	60	50	75	25	Ineffective	(1)
Perkins (Vocational Education)	Higher Education	40	50	50	11	Ineffective	(1)
Title II	Higher Education	60	0	75	17	Results Not Measured	(1)
Administration	Historical Bureau	80	25	100	25	Results Not Measured	Yes
Governors Portraits	Historical Bureau	80	25	75	33	Results Not Measured	Yes
Historical Markers	Historical Bureau	60	25	50	33	Results Not Measured	Yes
Publications	Historical Bureau	40	25	75	25	Results Not Measured	Yes
Boiler and Pressure Vessels	Homeland Security	40	25	25	33	Ineffective	Yes
Certification	Homeland Security	40	25	50	33	Results Not Measured	Yes
Chemical Stockpile Emergency Preparedness Program	Homeland Security	60	100	50	25	Adequate	Yes
Citizen Corps	Homeland Security	60	25	60	33	Results Not Measured	Yes
Dept. of Homeland Security Foundation	Homeland Security	20	25	50	25	Ineffective	Yes
Elevators and Amusements	Homeland Security	40	0	50	25	Results Not Measured	Yes
Emergency Medical Services (EMS)	Homeland Security	40	50	50	25	Ineffective	Yes
Emergency Response - Mitigation	Homeland Security	40	0	75	25	Results Not Measured	Yes
Emergency Response - Operations	Homeland Security	40	0	50	42	Results Not Measured	Yes
Emergency Response - Recovery	Homeland Security	60	25	50	33	Results Not Measured	Yes
Exercises	Homeland Security	60	75	75	50	Adequate	Yes
Fire and Building Code Enforcement	Homeland Security	40	25	50	25	Results Not Measured	Yes
Fire Investigations	Homeland Security	60	25	50	17	Results Not Measured	Yes
Fusion Center	Homeland Security	80	25	50	44	Results Not Measured	Yes
Geographic Information Services (GIS)	Homeland Security	20	0	40	25	Results Not Measured	Yes
Grants Management	Homeland Security	60	100	80	25	Adequate	Yes
Indiana Emergency Response Commission (IERC)	Homeland Security	60	100	25	17	Ineffective	Yes
Information Technology	Homeland Security	60	0	40	8	Results Not Measured	Yes
Plan Review	Homeland Security	60	100	50	42	Adequate	Yes
Statewide Fire Training	Homeland Security	60	25	100	22	Results Not Measured	Yes
Strategic and Operational Planning	Homeland Security	60	100	100	59	Moderately Effective	Yes
Support and Services Division	Homeland Security	60	50	80	33	Adequate	Yes
Training	Homeland Security	60	75	75	58	Adequate	Yes
Fingerprint Fees	Horseracing Commission	40	0	50	17	Results Not Measured	Yes
Main Operating Account	Horseracing Commission	60	50	100	50	Adequate	Yes
Quarterhorse Breed Development Fund	Horseracing Commission	40	0	25	8	Results Not Measured	Yes
Standardbred Advisory Board	Horseracing Commission	40	0	25	8	Results Not Measured	Yes
Standardbred Breed Development Fund	Horseracing Commission	40	0	25	8	Results Not Measured	Yes
Thoroughbred Breed Development Fund	Horseracing Commission	40	0	25	8	Results Not Measured	Yes
Indiana Board of Tax Review	IBTR	60	25	50	22	Results Not Measured	(1)
Indiana Higher Education Telecommunications System	IHETS	40	25	50	25	Results Not Measured	Yes
Business Development Loan Program	Indiana Finance Authority	20	75	50	17	Ineffective	(1)

Name of Program	Agency	Purpose & Design	Planning	Management	Results	Rating	Response
Capital Access Program	Indiana Finance Authority	40	100	50	33	Adequate	(1)
Environmental Remediation Revolving Loan	Indiana Finance Authority	60	50	75	17	Ineffective	Yes
Project Guaranty Program	Indiana Finance Authority	20	75	50	25	Ineffective	(1)
State Revolving Fund	Indiana Finance Authority	60	50	100	67	Moderately Effective	Yes
Inspector General	Inspector General	60	50	75	42	Adequate	Yes
State Ethics Commission	Inspector General	60	25	75	42	Adequate	Yes
Bail Bonds	Insurance	60	0	50	17	Results Not Measured	Yes
Department of Insurance Operations	Insurance	60	100	100	42	Moderately Effective	Yes
Mine Subsidence Fund	Insurance	20	0	25	0	Results Not Measured	Yes
Patients Compensation Authority	Insurance	80	25	50	8	Results Not Measured	Yes
Political Sub Risk Management	Insurance	40	0	0	0	Results Not Measured	Yes
Indiana Protection and Advocacy Services	IPAS	80	50	100	50	Adequate	Yes
Integrated Public Safety Commission	IPSC	80	100	100	59	Moderately Effective	Yes
Indiana Tobacco Prevention and Cessation	ITPC	40	100	100	25	Adequate	Yes
Indiana Utility Regulatory Commission	IURC	60	0	25	25	Results Not Measured	(1)
Administration - Wage & Hour	Labor	60	100	75	25	Adequate	Yes
Bureau of Mines	Labor	40	25	50	33	Results Not Measured	Yes
Indiana Occupational Safety and Health (IOSHA)	Labor	60	25	50	17	Results Not Measured	Yes
INSafe	Labor	60	75	75	25	Adequate	Yes
Statistics	Labor	60	75	50	33	Adequate	Yes
Law Enforcement Academy	Law Enforcement Academy	60	50	75	59	Adequate	Yes
Department of Local Government Finance	Local Gov't Finance	40	75	75	22	Ineffective	Yes
Lottery	Lottery	40	75	100	42	Adequate	(1)
Community Development Block Grants	Lt. Governor	40	25	50	17	Results Not Measured	Yes
Energy and Defense	Lt. Governor	60	25	50	8	Results Not Measured	Yes
Main Street	Lt. Governor	40	25	50	17	Results Not Measured	Yes
Office of Community & Rural Affairs	Lt. Governor	60	25	50	17	Results Not Measured	Yes
Tourism	Lt. Governor	60	50	50	25	Results Not Measured	Yes
Audit Services	Motor Vehicles	40	0	50	8	Results Not Measured	(1)
Branch Communications	Motor Vehicles	60	75	100	25	Adequate	(1)
Branch Operations	Motor Vehicles	40	75	50	33	Ineffective	(1)
Communications	Motor Vehicles	80	100	100	25	Adequate	(1)
Dealer Special Sales	Motor Vehicles	40	25	50	33	Results Not Measured	(1)
Driver & Vehicle Services	Motor Vehicles	60	0	50	17	Results Not Measured	(1)
Driver Improvement, Safety, and Responsibility	Motor Vehicles	40	100	100	17	Adequate	(1)
Financial Operations	Motor Vehicles	40	50	50	8	Ineffective	(1)
Human Resources	Motor Vehicles	60	0	75	25	Results Not Measured	(1)
Information Technology	Motor Vehicles	40	0	50	17	Results Not Measured	(1)
Legal & Hearings	Motor Vehicles	60	0	50	17	Results Not Measured	(1)
Procurement	Motor Vehicles	40	75	60	25	Ineffective	(1)
Property Management	Motor Vehicles	60	0	75	17	Results Not Measured	(1)
Registration & Excise	Motor Vehicles	60	0	75	17	Results Not Measured	(1)
Security and Investigations	Motor Vehicles	60	25	75	42	Results Not Measured	(1)
Titles	Motor Vehicles	60	100	75	8	Adequate	(1)
Voter Registration	Motor Vehicles	60	0	50	25	Results Not Measured	(1)
Accounting and Budget	Natural Resources	80	25	25	0	Ineffective	Yes
Communication	Natural Resources	60	100	50	17	Adequate	Yes

Name of Program	Agency	Purpose & Design	Planning	Management	Results	Rating	Response
Engineering	Natural Resources	40	0	50	25	Results Not Measured	Yes
Entomology and Plant Pathology	Natural Resources	80	0	100	33	Results Not Measured	Yes
Fish & Wildlife	Natural Resources	60	25	75	17	Results Not Measured	Yes
Forestry	Natural Resources	60	50	100	33	Adequate	Yes
Historic Preservation	Natural Resources	60	50	50	25	Ineffective	Yes
Human Resources	Natural Resources	20	0	25	17	Results Not Measured	Yes
Land Acquisition	Natural Resources	60	50	75	42	Adequate	Yes
Law Enforcement	Natural Resources	60	0	50	33	Results Not Measured	Yes
Natural Resources Council	Natural Resources	60	50	100	17	Adequate	Yes
Nature Preserves	Natural Resources	40	0	75	25	Results Not Measured	Yes
Oil and Gas	Natural Resources	40	50	100	17	Ineffective	Yes
Outdoor Recreation	Natural Resources	20	25	50	8	Results Not Measured	Yes
Purchasing	Natural Resources	60	0	20	17	Results Not Measured	Yes
Reclamation	Natural Resources	60	100	100	75	Moderately Effective	Yes
State Museum & Historic Sites	Natural Resources	60	100	100	50	Moderately Effective	Yes
State Parks and Reservoirs	Natural Resources	60	100	100	42	Moderately Effective	Yes
Strategic Management and Operational Excellence	Natural Resources	20	25	50	25	Results Not Measured	Yes
Water	Natural Resources	60	50	100	25	Adequate	Yes
Office of Environmental Adjudication	OEA	60	0	75	33	Results Not Measured	(1)
CNCS Americorps	OFBCI	60	75	100	17	Adequate	Yes
OFBCI Admin	OFBCI	80	75	100	25	Adequate	Yes
Government Efficiency & Financial Planning	OMB	40	25	60	8	Ineffective	Yes
Office of the Utility Consumer Counselor	OUCC	80	75	100	17	Adequate	Yes
Public Access Counselor	PAC	80	75	100	25	Adequate	Yes
Public Employees Retirement Fund	PERF	60	100	80	50	Adequate	Yes
Benefits	Personnel	60	25	80	25	Results Not Measured	(1)
Compensation & Organizational Design	Personnel	40	25	50	25	Results Not Measured	(1)
Employment Administration	Personnel	40	25	50	33	Results Not Measured	(1)
Ports Commission	Ports Commission	40	75	75	25	Adequate	(1)
Impaired Professionals	Professional Licensing	80	0	67	17	Results Not Measured	(1)
Professional Licensing Agency Operating	Professional Licensing	20	25	75	25	Results Not Measured	(1)
Recovery Funds	Professional Licensing	40	0	25	0	Results Not Measured	(1)
Administration	Proprietary Education	40	25	50	17	Results Not Measured	Yes
Veterans Education Unit	Proprietary Education	60	50	75	17	Ineffective	Yes
Forms Management	Public Records	20	25	0	0	Ineffective	Yes
Micrographics Lab	Public Records	60	100	50	33	Adequate	Yes
Records Center	Public Records	60	25	0	17	Results Not Measured	Yes
Records Management	Public Records	40	25	0	8	Results Not Measured	Yes
State Archives	Public Records	40	50	75	17	Ineffective	Yes
Audit	Revenue	60	25	0	8	Results Not Measured	Yes
Charity Gaming	Revenue	20	0	50	17	Results Not Measured	Yes
Collections	Revenue	40	0	75	17	Results Not Measured	Yes
Compliance	Revenue	60	0	50	8	Results Not Measured	Yes
Criminal Investigations	Revenue	60	25	50	8	Results Not Measured	Yes
Information Technology	Revenue	40	100	75	33	Adequate	Yes
Inheritance Tax	Revenue	60	25	0	17	Results Not Measured	Yes
Legal	Revenue	40	25	75	8	Results Not Measured	Yes

Name of Program	Agency	Purpose & Design	Planning	Management	Results	Rating	Response
Motor Carrier Regulation	Revenue	80	100	100	75	Effective	Yes
Personnel	Revenue	40	25	50	25	Results Not Measured	Yes
Public Affairs	Revenue	60	25	25	8	Results Not Measured	Yes
Returns Processing Center	Revenue	80	100	100	75	Effective	Yes
Tax Policy	Revenue	60	0	0	0	Results Not Measured	Yes
Taxpayer Advocacy	Revenue	60	0	50	0	Results Not Measured	Yes
Taxpayer Services	Revenue	60	50	25	8	Ineffective	Yes
State Board of Accounts	SBOA	40	25	25	8	Results Not Measured	Yes
State Employee Appeals Commission	SEAC	80	50	33	22	Ineffective	(1)
Election Div Administration	Secretary of State	60	25	75	8	Results Not Measured	(1)
Help America Vote Act	Secretary of State	60	50	50	34	Ineffective	(1)
21st Century Scholars	SSACI	60	50	50	42	Ineffective	Yes
Administration	SSACI	60	50	75	42	Adequate	Yes
CVO Fee Remission	SSACI	20	0	25	8	Results Not Measured	Yes
Frank O'Bannon Grant	SSACI	60	25	75	25	Results Not Measured	Yes
Nursing and Minority Teacher	SSACI	40	0	50	8	Results Not Measured	Yes
Work Study	SSACI	60	0	50	17	Results Not Measured	Yes
State Fair Board	State Fair	60	75	50	17	Ineffective	(1)
State Fair Commission	State Fair	40	50	60	25	Ineffective	(1)
Distribution to Public Libraries	State Library	60	0	0	11	Results Not Measured	Yes
INCOLSA	State Library	80	25	50	33	Results Not Measured	Yes
Library Services and Technology Act (LSTA)	State Library	60	100	75	25	Adequate	Yes
State Library Extension Service	State Library	60	25	100	42	Results Not Measured	Yes
Capitol Police	State Police	20	0	50	17	Results Not Measured	Yes
Commercial Vehicle Enforcement Division (CVED)	State Police	40	50	75	17	Ineffective	Yes
Communications	State Police	40	25	60	17	Results Not Measured	Yes
Drug Enforcement Grant	State Police	60	0	75	25	Results Not Measured	Yes
Field Enforcement - Post Command	State Police	40	75	80	42	Adequate	Yes
Field Enforcement - Specialty Teams	State Police	40	0	75	33	Results Not Measured	Yes
Fiscal / Grant Management	State Police	60	25	60	17	Results Not Measured	Yes
Human Resources	State Police	60	50	50	33	Ineffective	Yes
Information Technology	State Police	40	0	50	25	Results Not Measured	Yes
Internet Crimes Against Children Grant	State Police	60	50	75	59	Adequate	Yes
Laboratory	State Police	40	25	50	33	Results Not Measured	Yes
Logistics	State Police	40	0	0	0	Results Not Measured	Yes
Meth Suppression Section	State Police	60	75	100	56	Moderately Effective	Yes
Records	State Police	60	0	50	33	Results Not Measured	Yes
Traffic Enforcement	State Police	60	100	50	25	Adequate	Yes
Training	State Police	60	0	100	25	Results Not Measured	Yes
Government Management Information Systems (GMIS)	Technology	40	25	80	25	Results Not Measured	(1)
Information Technology Services	Technology	60	100	100	59	Moderately Effective	(1)
State Web Portal	Technology	80	25	100	25	Results Not Measured	(1)
State Department of Toxicology	Toxicology	40	0	25	17	Results Not Measured	Yes
Aviation	Transportation	80	50	100	59	Moderately Effective	(1)
Buildings and Grounds	Transportation	40	100	100	17	Adequate	(1)
Business Information and Technology Services (BITS)	Transportation	80	75	100	25	Adequate	(1)
Construction Management	Transportation	80	75	50	25	Adequate	(1)

Name of Program	Agency	Purpose & Design	Planning	Management	Results	Rating	Response
Contracts	Transportation	60	25	75	8	Results Not Measured	(1)
Environmental Services	Transportation	40	75	25	17	Results Not Measured	(1)
Federal Aid	Transportation	80	25	25	17	Results Not Measured	(1)
Maintenance Program	Transportation	40	25	75	17	Results Not Measured	(1)
Mass Transit	Transportation	60	50	75	33	Adequate	(1)
Materials Management	Transportation	80	25	100	25	Results Not Measured	(1)
Planning	Transportation	60	100	75	25	Adequate	(1)
Production Management	Transportation	60	75	50	8	Results Not Measured	(1)
Rail	Transportation	40	50	75	0	Results Not Measured	(1)
Real Estate	Transportation	60	75	25	17	Results Not Measured	(1)
Research	Transportation	80	25	100	17	Results Not Measured	(1)
Traffic Management	Transportation	80	25	75	25	Results Not Measured	(1)
Teachers' Retirement Fund	TRF	60	50	40	42	Ineffective	Yes
Cemetery	Veteran Affairs	20	0	25	17	Results Not Measured	Yes
Operating	Veteran Affairs	40	75	50	25	Ineffective	Yes
State Approving Agency	Veteran Affairs	60	50	50	0	Ineffective	Yes
Veterans Organizations	Veteran Affairs	40	0	0	17	Results Not Measured	Yes
War Memorial	War Memorial	60	0	50	8	Results Not Measured	Yes
Workers Compensation	Workers Compensation	80	0	50	8	Results Not Measured	Yes
Indiana Commission for Women	Workforce Development	60	0	50	17	Results Not Measured	Yes
Indiana Commission on Hispanic and Latino Affairs	Workforce Development	40	0	50	17	Results Not Measured	Yes
State Human Resource Investment Council	Workforce Development	40	25	0	8	Results Not Measured	Yes
Unemployment Insurance	Workforce Development	60	25	75	42	Adequate	Yes
Wagner-Peyser Labor Exchange	Workforce Development	60	25	75	33	Results Not Measured	Yes
Workforce Investment Act	Workforce Development	60	100	50	50	Adequate	Yes
White River State Park	WRSP	60	75	75	17	Adequate	Yes

(1) PROBE review results were recently shared with this agency and it has not had sufficient time to respond.

Appendix C: Organizational Recommendations

Earlier in this report we discuss how the growth in state government's size and scope has led to a highly decentralized, confusing, and often unmanageable structure, with many separate entities performing the same or similar functions. This section provides a few examples which, if implemented, could help simplify state government's structure and provide more accountability.

Merger of Agencies/Commissions

1) Create a single state agency devoted to preservation and promotion of Indiana's history, arts, and culture by combining state agencies whose missions are similar, such as the State Library, State Archives, State Historical Bureau, State Museum, Arts Commission, and the Department of Natural Resources (DNR) Division of Historic Preservation and Archaeology. These organizations would benefit from improved visibility and consolidated back-office operations.

2) Move the Integrated Public Safety Commission (IPSC) under the Indiana Department of Homeland Security (IDHS). IPSC will complete the construction of Project Hoosier SAFE-T, a statewide, interoperable communications system, in 2007. The commission will then focus upon the maintenance of the system for public safety, an initiative that can be best coordinated within the IDHS.

3) Combine the Board of Animal Health (BoAH) with other agriculture-related regulatory functions including Office of the State Chemist, Creamery License Division, State Egg Board, Animal Disease Diagnostic Laboratory (these four entities are affiliated with Purdue), and the Entomology and Plant Pathology division within the Department of Natural Resources (DNR).

4) Combine the Standardbred Advisory Board, Standardbred Breed Development Committee, Thoroughbred Breed Development Committee, and Quarter Horse Breed Development Committee into an Indiana Horse Racing Advisory Committee. The new committee would advise on issues related to non pari-mutuel horse racing, as well as make decisions regarding the distribution of breed development funds for the various breeds.

5) Merge the Indiana University State Department of Toxicology with the Indiana State Police (ISP) laboratory, and perform these functions at the new state laboratory in Indianapolis. ISP will provide all laboratory functions related to criminal justice.

6) Combine the Clean Water Indiana program with the Soil Conservation Division; they currently operate as the same program.

7) Merge the Center for Agricultural Sciences and Heritage (CASH) into the State Fair Commission. The two entities are co-located, and agriculture education is central to the mission of both entities.

8) Adopt the model of the federal Department of Labor and merge the Indiana Department of Labor (DOL), Department of Workforce Development (DWD), and Worker's Compensation Board into a single agency.

9) Merge back-office functions of the Public Employees Retirement Fund (PERF) and Teachers Retirement Fund (TRF). Because of its complementary nature to employee retirement planning, the State Deferred Compensation Plan should be merged into PERF for improved customer service through a single point of contact for such services.

10) Move the White River State Park Development Commission under the jurisdiction of the Department of Natural Resources (DNR). DNR manages and markets all other State Parks.

Elimination of Program or Funding

11) Eliminate the Department of Gaming Research. The department provided little value beyond compiling publicly available information, as evidenced by its 2003 and 2004 Annual Reports.

12) Eliminate general fund appropriation for the Indiana Higher Education Telecommunications System (IHETS). IHETS no longer has responsibility for its original purpose of maintaining the computer network connecting the state's higher education institutions to each other and the Internet. These public and private universities should pay for IHETS' remaining services of multi-media applications and distance learning support.

13) Abolish librarian certification program. Both lifetime and annual licenses cost only $1 and involve minimal proof of competence other than filling out form.

14) Cease operating a Coroners Training Board at the state level, as the coroner is an elected position at the county level. The Board is funded by local fees. Clarify the roles of the Coroners Training Board and the now defunct Commission on Forensic Sciences (IC 4-23-6), with its statutory responsibility to create a district medical examiner system to aid, assist, and complement the coroner in the performance of his duties. Regardless of its location, stakeholders of coroner services (e.g., judges, prosecutors) should be represented on any governing board as contemplated for the Commission on Forensic Sciences.

15) Transfer administration of the two funds used for the rehabilitation of nurses and pharmacists who have been affected by the use or abuse of controlled substances from the Professional Licensing Agency (PLA) to those respective professional associations. A similar fund for physicians is administered by the Indiana Medical Association.

16) Eliminate Distribution to Public Libraries program. Amount is minimal and local library districts already have funding source through local property taxes.

17) Repeal the Ports Commission's development financing authority outside the boundaries of Indiana ports. This authority is already granted to the Indiana Finance Authority (IFA).

18) Eliminate the Livestock Industry Promotion program at the Indiana State Department of Agriculture (ISDA). No evidence exists which demonstrates that the Livestock Industry Promotion Program is actually promoting the livestock industry by promoting livestock shows.

19) Change the scope of the Forms Management function within the Indiana Commission on Public Records (ICPR) and eventually sunset. Replace with a vendor or team whose top priority is forms digitization, consolidation, and elimination. Analyzing and approving forms (Forms Management's primary functions) are obsolete activities when most state agencies are moving away from paper and toward electronic media. At the beginning of 2006, there existed more than 14,000 forms within state government (an increase from 2005).

20) Eliminate the State Soil Conservation Board administered by the Indiana State Department of Agriculture (ISDA). The Board performs an advisory function that is not necessary given the involvement from county soil conservation districts and other stakeholders around the state.

21) Eliminate the Value Added Research program within the Indiana State Department of Agriculture (ISDA). Statute allows the Value Added Research program to support a wide variety of activities related to agriculture but does not require the program to support research.

22) Eliminate the Statewide Library Card Program and encourage local library districts where program has been successful to enter into inter-local agreements to continue inter-district borrowing.

23) Eliminate Indiana Department of Environmental Management (IDEM) laboratory contracts fund center, reduce appropriations, and revert balance to the respective funding sources. Delete requirement for IDEM laboratory from statute since IDEM does not have a laboratory (IC 13-13-3-2).

Transfer of Programs

24) Transfer responsibility for Project IMPACT from the Indiana Criminal Justice Institute (ICJI) to the Office of Faith-Based and Community Initiatives (OFBCI). Project IMPACT is a faith-based program that relies heavily upon volunteers to deliver services to juveniles. OFBCI should seek to leverage federal funds.

25) Redirect activities performed by Indiana Cooperative Library Services Authority (INCOLSA) but funded by general fund dollars to the State Library. Funding should be retained by State Library for improved accountability.

26) Transfer responsibility for administering the Education Roundtable and Learn More Resources from the Commission for Higher Education (CHE) to the Department of Education (DOE) as the primary target audience is K through 12 students.

27) Transfer the Indiana Safe Schools fund from the Indiana Criminal Justice Institute (ICJI) to the Indiana Department of Education (DOE) to coordinate funding for before and after school programs as well as school safety initiatives.

28) Move the Fire Investigations division within the Indiana Department of Homeland Security (IDHS) to the Criminal Investigations Division within the Indiana State Police (ISP), as they are the only law enforcement officers within the IDHS.

29) Transfer Commission on Proprietary Education's (COPE) responsibility as a State Approving Agency for the validation of GI Bill recipients to the Indiana Department of Veterans Affairs (IDVA) to save money and eliminate duplication of efforts. IDVA already performs these functions for on-the-job training programs and public universities; COPE performs these functions for private colleges and proprietary schools. Only a handful of states have two approving agencies.

30) Transfer statutory consumer protection function of the Commission on Proprietary Education (COPE) to the Office of the Attorney General.

31) Transfer administration of the federal Corrections grant from the State Student Assistance Commission of Indiana (SSACI) to the Department of Correction (DOC). This award is unlike any of SSACI's other scholarships and thus falls outside its automated systems.

32) Move lead-based paint activities at the Indiana Department of Environmental Management (IDEM) to the Indiana State Department of Health (ISDH), which administers the State's lead poisoning awareness and prevention programs.

33) Assign the duties of the Indiana Department of Administration's (IDOA) State Land Office, the repository for all deeds, photographs, and boundaries of state-owned land, to the Department of Natural Resources' (DNR) Land Acquisition Division. DNR is the largest and most active landholder agency other than Indiana Department of Transportation (INDOT) highway construction.

34) Transfer boating infrastructure grant from the Indiana Department of Environmental Management (IDEM) to the Department of Natural Resources (DNR). This small federal grant ($60,000 in FY05) is used to prevent soil erosion and improve navigable waterways. The DNR Water Division is responsible for these issues.

Appendix D: Statutory Recommendations

State laws must be revisited periodically to evaluate whether they are helping fulfill their original purposes or needs, and whether they are still necessary. As such, many of the opportunities to make state government more accountable require legislative change. This section provides a few examples of statutes or sections of the administrative code that should be reviewed, amended, or repealed.

1) Eliminate requirements on the State Board of Accounts for annual examinations and that all examinations be surprise audits. This creates challenges for the most effective use of resources. Audit comments should not be limited to violations of law or accounting policy but allow for management recommendations to improve internal controls and operations.

2) Cap the merchant vendor allowance provided to retailers for the collection and remittance of sales tax. Retailers should be compensated for this service but today's technology permits the execution of this service at transaction costs much lower than the compensation levels for many retailers. A $10,000 cap could allow the State to capture $11 million annually that is currently retained as merchant allowance.

3) Clarify the purpose, responsibility, and funding of all recycling programs. Current statute splits responsibility and funding between the Department of Environmental Management and the Office of Energy and Defense Development creating the need to govern by memorandum of understanding. The law states further that the program should be developing markets and products when such funds could be used for more productive uses.

4) Amend in the spirit of performance based pay IC 6-8.1-3-2.5 that currently prohibits the Department of Revenue (DOR) from setting production goals for staff.

5) Amend legislation to enable the Indiana State Excise Police to take minors into establishments that are restricted by law to individuals age 21 and over for the purpose of compliance checks, as is permitted for the Tobacco Retail Inspection Program. At this time, the Excise Police cannot monitor compliance, and instead have to rely upon complaints to guide their investigations (instead of data gathered during compliance checks).

6) Amend legislation to give the Alcohol and Tobacco Commission (ATC) greater enforcement tools over the tobacco industry. For example, the ATC does not have authority to revoke a retailer's license for multiple violations relating to improper display of certificates nor can it hold hearings to preserve due process rights.

7) Reduce the types of alcohol and tobacco licenses from 69 to a more manageable number.

8) Adopt a mandatory seat belt law for drivers of vehicles with truck plates, as this would have two desirable results: 1) a reduction in the number of fatalities involving trucks (it is estimated that it would have saved approximately 70 lives in 2005), and 2) the State of Indiana would receive nearly $16 million in federal dollars that could be used for traffic safety to further reduce the number of traffic-related fatalities in the State.

9) Amend 4-31-6-8 to require applicants for licensure to only submit fingerprints to the Indiana Horse Racing Commission (IHRC) once. Currently, applicants are required to submit fingerprints every 5 years. The IHRC should coordinate with the Indiana State Police to utilize LiveScan technology and store these fingerprints to reduce long-term costs and improve customer service.

10) Develop a solution to the problems caused by offenders within the Department of Correction (DOC) using public records requests to discover personal information (e.g., divorce petition, disciplinary record) about custody officers. Offenders use this information to intimidate, humiliate, or coerce these officers, resulting in a hindrance to daily operations as well as an obstacle to the recruitment and retention of correctional officers.

11) Combine the funds for Community Corrections and the Community Transition Program, as they are administered by the same division within the Department of Correction (DOC) and address a similar population.

12) Require the courts to complete a pre-sentence investigation (PSI) for D class felons who violate after being placed in community corrections or other non-Department of Correction (DOC) programs. Currently, these offenders are sent directly to the Reception Diagnostic Center (RDC) within the DOC. This creates additional work for the RDC, resulting in significant delays in the processing of offenders into the DOC.

13) Establish PEN Products as a quasi-governmental agency to remove it from the state's procurement and hiring regulations. This will enable PEN Products to respond more quickly to opportunities, especially joint ventures. Address governance issues by making the agency accountable to the Board, chaired by the Commissioner of the Department of Correction. Require monthly financial and performance reporting to the Board. Require PEN Products to compete on a level playing field with private sector companies, eliminating all State preferences.

14) Amend legislation to allow the Department of Correction (DOC) and other state agencies to use offender labor for projects greater than $100,000. This cap was set in 1978, and should be reviewed for the proper limit to achieve savings without adversely impacting the private sector. Increasing the cap would enable the DOC and other state agencies to operate more efficiently through the use of offender labor for various construction projects.

15) Amend legislation narrowing the scope of responsibilities for the Capitol Police to the downtown Indianapolis government campus and select state properties, as they currently are statutorily responsible for all government facilities statewide.

16) Amend legislation to change the firearms fee from a license fee to an application fee. Under current law, the Indiana State Police (ISP) has to refund a significant portion of the fee if the license is not issued. However, nearly the same time and resources are needed to deny a license as are needed to issue a license. The refunding of these fees also creates additional work for the Auditor's Office.

17) Examine IC 11-10-5-4 to allow for flexibility in setting teachers' salaries at Department of Correction (DOC) facilities, the School for the Blind, and the School for the Deaf. State law artificially inflates wages - the daily rate of pay for each teacher must be equal to that of the largest school corporation in the county in which the correctional institution is located - which results in increased costs to Hoosier taxpayers.

18) Amend legislation (IC 5-2-8-5) to allow the Indiana State Police (ISP) to utilize its training fund for basic as well as in-service training.

19) Amend legislation to eliminate the variances with Federal Motor Carrier Safety Administration (FMCSA) regulations created by the 2005 passage of HEA 1073. State law conflicts with federal regulations, placing millions of dollars of federal funds at risk.

20) Review subsidies to the horse racing industry totaling more than $27 million annually. This includes direct subsidies to both racetracks (approximately $10.8M), subsidies dedicated solely to purses (another $10.8M), and subsidies that are used to supplement the breed development funds (more than $5.4M).

21) Repeal IC 4-23-7.2-10 which deals with the Historical Bureau's proceeds from the sale of medallions from the Indiana sesquicentennial and American bicentennial. This section is now obsolete as all of these commemorative items have been sold.

22) Amend IC 22-2-9-5 to increase the dollar limit for the Department of Labor's (DOL) jurisdiction to investigate Wage & Hour disputes. Currently the cap is $800. This statute was last revised in 1971.

23) Amend IC 8-1-1.1-5.1 which requires the Department of Revenue (DOR) and the Indiana Department of Transportation (INDOT) to notify the Office of the Utility Consumer Counselor (OUCC) of every proceeding at which it is authorized to appear. The OUCC has not participated in a tax or railroad case for over 25 years. In fact, it lacks the expertise in-house to testify in such cases at all. Either this section should be repealed entirely, or the notification requirement should be eliminated except for any case where the OUCC is requested to be involved.

24) Amend legislation to reform the merit employment system which has not been significantly altered since its creation in 1936. In 1936, all states that received Federal funding were required by the Federal government to implement a merit employment system. This definition of "merit employment" was clarified in 1971, when agencies receiving Federal funding were designated as merit agencies, and other state agencies were allowed to become non-merit entities or quasi-governmental entities. The merit system was originally designed to limit 1930's-era political patronage, but does not accommodate a 21st century state government that must compete with the private sector for talented employees.

25) Repeal IC 14-13-1-22 through 27 which mandates that the White River State Park Development Commission consult with four separate advisory councils (health, food & agriculture, athletic, and animal & wildlife). These councils have not been active for some time.

26) Remove good character review for hazardous waste permit modifications, or do not require if the entity has passed a good character review recently. Some regulated entities file 3-5 permit modifications annually and must undergo a good character review for each modification. Excessive reviews add significant cost without improving Hoosier safety (IC 13-19-4).

27) Include 'age' as a protected class under the Indiana Civil Rights Act for enhanced investigation and enforcement. The Civil Rights Commission currently has no authority over such complaints as they are filed with the Indiana Department of Labor (DOL), which has limited enforcement powers.

28) Transfer the following programs from the Indiana Finance Authority (IFA) to the Indiana Economic Development Corporation (IEDC): Capital Access Program, Project Guaranty Program, and Business Development Loan Program. These three programs are designed to spur economic development, which is in line with IEDC's mission.

Appendix E: Operational Recommendations

Many of the opportunities to make state government more transparent and results-based can be implemented operationally and immediately, without statutory change. Although hundreds of opportunities still exist throughout state government, this section discusses a few examples identified during the PROBE process. Operational recommendations are divided into three categories: 1) Improved Efficiency or Effectiveness Opportunities, 2) Shared Services Opportunities that would require agencies to share and re-use state assets, and 3) Competitive Sourcing Opportunities for predominantly commercial activities performed by state government that should be subjected to competition to ensure the most cost effective delivery of those services.

Improved Efficiency or Effectiveness Opportunities

1) Regionalize Indiana State Police (ISP) dispatch operations into 5-6 police posts with each dispatch center responsible for 3-4 districts (currently ISP has dispatch operations at each of its 18 posts). States such as New York, Pennsylvania, Ohio, Michigan, and Virginia have between 5 and 10 dispatch centers, even though all of these states are larger in terms of square miles and population, and have more vehicle miles traveled annually. This will result in operational savings of approximately $1.5 million annually, not counting capital cost avoidance and reduced maintenance costs.

2) Develop and implement a risk-based audit plan within the State Board of Accounts to determine the frequency and scope of examinations. This will enhance the use of resources and effectiveness.

3) Enhance the visibility of State Board of Accounts audit comments to encourage the implementation of corrective action by the auditee. The State Board of Accounts has limited enforcement powers.

4) Add Women, Infants, and Children (WIC) and Maternal and Child Health programs to Medicaid eligibility once operational. Ninety percent of WIC participants also qualify for Medicaid and 80% qualify for food stamps yet there is little coordination in eligibility determination and administration. The Indiana State Department of Health (ISDH) should also research using electronic benefits transfer technology for WIC.

5) Institute a formal process within the Indiana Criminal Justice Institute (ICJI) for soliciting and obtaining input into the Highway Safety Plan (HSP) development process from a broader spectrum of the highway safety community.

6) Overhaul the Indiana Criminal Justice Institute's (ICJI) Victims Compensation program to institute fiscal controls and increase accountability. Unpaid claims date back several years. The program should coordinate with the Department of Correction (DOC) to aggressively pursue collections from offenders and the Medicaid Fraud Unit of the Office of Attorney General to ensure that providers do not double-bill or balance-bill the State as has occurred in the past. A formal plan to eliminate the victims compensation deficit within a reasonable time period should be created.

7) The Department of Correction (DOC) Education Division should transition to a 240-day school year (currently 260) similar to the School for the Blind and School for the Deaf, resulting in annual savings of approximately $500,000.

8) Change the expectation that a classification specialist at the Reception Diagnostic Center (RDC) within the Department of Correction (DOC) can complete only 4 classifications per day. A time study using hours reported by employees indicated that the average classification takes less than 1.4 hours, suggesting that 5 classifications per day should be the minimum standard.

9) Require classification specialists at the Reception Diagnostic Center (RDC) within the Department of Correction (DOC) to type their own reports instead of dictating them. Four secretaries currently transcribe the reports for the 13 specialists even though more than half of the specialists stated they handwrite the reports in their entirety before dictating them.

10) Create incentives for county jails and community corrections programs to manage offenders with short sentences. Last year, 660 offenders were sent to the Department of Correction (DOC) with less than 30 days on their sentence. Because these offenders remain at the Reception Diagnostic Center (RDC), there is insufficient opportunity to offer programming. More than 5,000 offenders were admitted to the DOC last year with less than 6 months to serve. Many of these offenders do not belong in correctional institutions because the DOC has little more to offer these offenders in terms of rehabilitation than can be provided in county jails.

11) Provide training for county Sheriff's Departments at the Correctional Training Institute (CTI) within the Department of Correction (DOC) in order to reduce the housing burden on the Indiana Law Enforcement Academy (ILEA).

12) Update the Community Corrections funding formula (re-promulgate 210 IAC 2-1) to reward programs that use evidence-based practices and demonstrate quantifiable results to the Department of Correction (DOC). The current formula provides funds to counties based upon population and other criteria, not upon performance.

13) Institute private sector accounting practices, reviewing procedures for allocating overhead across PEN Products business lines. Review budgeting process as there are large discrepancies between budget targets and actual financial results for numerous business units. Establish criteria and timelines for the elimination of unsuccessful business lines, and regularly review financial performance to make these management decisions. Such analysis would encourage shutting down financially unproductive product lines (e.g., creamery, meat, bakery, etc.) and investing in more promising areas to replace lost offender jobs.

14) Eliminate the "County Indicator" on license plates as this results in unnecessary inventory at Bureau of Motor Vehicles (BMV) branches, and thus increased costs. At this time, all BMV branches must keep inventories of license plates for all 92 counties because Hoosiers can renew their license plates at any branch in the state. Eliminating the County Indicator would enable branches to simply keep an inventory of regular-issue license plates (in addition to specialty plates).

15) Implement the use of electronic ticketing and expand the use of electronic crash reports to increase the efficiency and accuracy of such reports. Require all Indiana State Police (ISP) troopers to submit crash reports, traffic tickets, case reports, and activity sheets electronically. Eliminate unnecessary Data Processing Operator (DPO) and transcriber positions when transition to electronic reporting is complete in early 2007.

16) Implement fees for Indiana Department of Homeland Security (IDHS) Emergency Medical Services (EMS) applications, as these services are currently provided to both for-profit (e.g., ambulance companies) and not-for-profit entities at no cost. The legislature provided the Indiana Emergency Medical Services Commission with the authority to charge fees during the 2006 legislative session (IC 16-31-2-12).

17) Reduce the number of Indiana Department of Homeland Security (IDHS) firefighter certification levels from 72 to a more manageable number based upon the recommendations of the IDHS Certification Review Task Force.

18) Re-allocate underutilized vehicles to agencies with employees receiving significant amounts of mileage reimbursement ($0.40 per mile). Agencies with underutilized vehicles can receive compensation for transferring the vehicles. Annual savings of $600,000 to $1.2 million are possible as the state currently has several hundred employees receiving more than $5,000 annually in mileage reimbursement.

19) Encourage field staff within all state agencies to utilize bulk fuel facilities at Indiana State Police (ISP) posts, Department of Correction (DOC) facilities, state hospitals, and other state facilities whenever possible. Annual savings of $300,000-$500,000 can be achieved because the state can purchase bulk fuel at lower rates than fuel purchased at commercial retailers.

20) Launch a statewide initiative to reduce overtime expenditures. Statewide expenditures are projected to decrease from roughly $72 million annually in recent years, to less than $60 million in 2006. A majority of these savings are due to policies instituted by the Department of Correction (DOC).

21) Seek to raise additional private funds to go toward maintenance of the Governors' Portraits collection, administered by the Historical Bureau.

22) Increase the amount charged to communities to have a historical marker placed by the Historical Bureau. Actual cost expended goes beyond the physical material of the sign itself. It is reasonable to expect communities to offset the cost of research and related activities.

23) Explore cost-effective means to initially only publish new Historical Bureau materials electronically, and then print "on-demand" as requested.

24) Develop policy for charging overdue fees at State Library, as well as for computer printouts. (Library patrons currently do not pay for these items.) Coordinate with State Board of Accounts and State Budget Agency, where necessary.

25) Leverage federal Library Service and Technology Act (LSTA) grants in order to obtain additional private gifts, as other states have done.

26) Close State Tourism's welcome center at 1 North Capitol building due to lack of visibility. Information could instead be distributed at the White River State Park visitor center just a few blocks away.

27) Confirm periodically the market inefficiency served by Political Subdivision Risk Management liability coverage within the Department of Insurance (DOI), and curtail the program if not needed. There are currently less than 30 participants out of thousands of potential participants. Cost savings from pooling risks or cooperative purchasing of coverage has created local government consortiums for certain other insurance needs and could be explored here if efficiencies are attainable.

28) Assess periodically the need for the Mine Subsidence Fund within the Department of Insurance (DOI) due to circumstantial changes and market conditions to validate that this program provides a service the private sector will not.

29) Adopt technology to assist the Department of Revenue (DOR) in the sampling/selection criteria for audit candidates.

30) Reduce the number of Indiana National Guard armories throughout the State of Indiana. None of the 68 armories are self-sufficient (i.e., revenues exceed expenses), even if personnel expenses are excluded from the analysis. The state's armories should be reviewed every so often, as has occurred with military bases nationwide since the end of the Cold War, to determine the appropriate number and location of armories. Savings per armory closed could range from roughly $50,000 to well over $100,000 annually.

31) Review opportunities for better coordinating Medicare/Medicaid accreditation and certification survey activities between federal and state law requirements at the Indiana State Department of Health (ISDH).

32) Focus the Department of Local Government Finance (DLGF) on its statutory mission: oversight of local government budgets and the assessment process. Currently, DLGF is tasked with too many "processing" responsibilities (including actual administration of a number of local government entities' budgets) that prevent it from being effective in its oversight role.

33) Coordinate with the Office of the Attorney General, Indiana Department of Administration (IDOA), and State Budget Agency to create standard grant contracts pre-approved by the Attorney General. Model these pre-approved contracts after a best practice established by the Indiana Department of Homeland Security (IDHS) to streamline the contract approval process.

34) Plan for future potential federal funding reductions in key program areas. One such area is emergency preparedness where state agencies and departments, such as the Indiana State Department of Health (ISDH) and the Indiana Department of Homeland Security (IDHS), are receiving federal funds for capital investment and, in some cases, operational needs. All such areas should develop a long range financial plan addressing the impact and proposed programmatic changes that would result from a decrease in such federal funding.

35) Develop a market-driven plan for the Department of Administration (IDOA) Minority and Women's Business Enterprises (MWBE) Division. The goal of the Division is to drive more state purchasing to competitive minority- and women-owned businesses. Currently the Division does an effective job auditing its registry of Indiana MWBE firms but has not yet linked state procurement to industries in which many competitive MWBE firms exist. Once these industries with high MWBE participation are identified, the Division should increase its participation goals significantly in these industries.

36) End the practice of preventing Minority and Women's Business Enterprises (MWBE) prime vendors from receiving MWBE points in state procurements. Currently MWBE vendors are prohibited from receiving points when competing for state business as the prime vendor; this creates an incentive for MWBE firms to compete as subcontractors (and not as prime vendors) when bidding for state work.

37) Require each state agency to create, in conjunction with the Indiana Department of Administration (IDOA), a long-range strategic plan for lease space, for the purpose of identifying co-location opportunities. Centralize the leasing function state government-wide, and assign the responsibility of planning and negotiating leases to one state entity. State agencies currently manage leases independently and without coordination.

38) Develop a plan to operate PEN Products without substantial subsidies from the sale of license plates. The Bureau of Motor Vehicles (BMV) has changed their management and operational procedures, including a reduction in the number of plates that will be issued during a re-issue year (every 5th year). This will significantly impact the revenue stream PEN Products has historically generated from the sale of license plates. More efficient operations and price reductions to the BMV will result in increased funds to local units of government from the Motor Vehicle Highway Fund.

39) Phase out the State Fair Commission's annual subsidy as the Commission becomes more reliant on revenues from events and public-private partnerships. (The Commission received an $8.6M subsidy in FY 2006.)

40) Require that any future soil conservation-related grants from the Indiana State Department of Agriculture (ISDA) be need-based and/or competitive grants. Previously ISDA made annual grants of $10,000 to each of the 92 county Soil Conservation Districts without regard to individual county needs or merit of proposals.

41) Formalize the Indiana State Department of Agriculture's (ISDA) role in the Conservation Implementation Teams (CIT) which is a multi-agency workforce consisting of Federal Natural Resource Conservation Service (NRCS), State, county, and Purdue University employees. The Indiana Conservation Partnership (ICP) strategic plan is unclear which entity is the leader of the initiative and what responsibilities the respective workforces have.

42) Implement rigid inspection schedules for the Board of Animal Health (BoAH) Meat and Poultry Inspection Program (MPIP) which inspects plants that ship products intra-state, with fines for plants that do not observe regular schedules. Consider nominal user fees for the program to offset costs.

43) Re-institute fees for service in the Board of Animal Health (BoAH) Dairy Inspection Program. In Indiana the inspection program is offered as a free service to dairy production facilities; neighboring states have instituted fees for service.

44) Review and rationalize document retention schedules for all state records that must be stored (by law) for designated periods of time. For example, the Department of Homeland Security (IDHS) is required to store its firefighter records for 75 years. Retention schedules should be tied to business needs and should allow for electronic imaging and/or storage. Reduce the number of agency records series for retention from 10,600 to less than 1,000 to allow for the development of an electronic records retention program.

45) Utilize graduate students, including law students and medical students, to perform state functions where such an experience will prove mutually beneficial to the state and the students. Successful examples include the use of law students to address the unemployment insurance backlog at the Department of Workforce Development (DWD), and the use of graduate students to address the drug case backlog within the Indiana State Police (ISP). Potential opportunities include the use of medical students for toxicology tests (in accord with IC 20-12-34-3) and graduate students for historical research within the Historical Bureau.

46) Create a plan to address challenges and opportunities with the state's workforce. Through the course of the PROBE, it was evident that the wide range of services provided by state government requires subject matter expertise in many technical areas. At the same time, state government performs many routine functions that do not require the same level of skills. The current and near term retirement eligibility of state employees, across all skill sets, requires a methodical review of the workforce needs and how to best meet those needs. Implement a competitive pay structure that enables state government to recruit and retain highly sought after employees.

47) Reduce the appropriation for the Auto Emissions Testing program by $2.2 million annually, as a result of successful contract negotiations by the OneIndiana team and the end of the program in Clark and Floyd counties due to improved air quality.

48) Review all fees to ensure the amounts collected cover the cost of service. The vessel tonnage tax, budget service fee, and librarian certification fee are examples where the revenues generated may not cover the cost of collection.

49) Implement competitive grants processes whenever allowable by state and federal law. Competition for these grants drives prioritization by the state as well as the recipients of the grants. Competition also fosters innovation that promotes improved results. In the past, grants were typically awarded such that every county received the same amount of funding, or each sub-grantee received comparable amounts year after year regardless of performance.

50) Conduct a criminal justice system review to determine the appropriate roles for the various entities and layers of government: courts, county jails, state Department of Correction (DOC) facilities, work release, community corrections, parole, probation, and other re-entry efforts.

51) Reduce the Department of Administration (IDOA) Public Works division's construction management fee from 6% to a level that reflects costs. Public Works charges state agencies the 6% management fee regardless of the size of the construction project, even on multi-million dollar projects.

52) Transfer the administration of recovery funds from the Professional Licensing Agency to the respective four professions. The funds are used as payment of last resort for court ordered claims. The funds have had minimal activity and could be administered by the respective trade associations in conjunction with the trust division of a financial institution.

53) Contract through employment agencies to the extent possible for intermittent/seasonal employees to avoid the expense of unemployment claims.

Shared Services Opportunities

54) Centralize administrative law judges (ALJ's) statewide. Currently 41 separate state agencies have statutory authority to carry out administrative hearings and more than 100 state employees serve as either administrative law judges or hearing officers. Some smaller agencies (e.g., Office of Environmental Adjudication, State Employees' Appeals Commission, etc.) could be folded in completely. The centralized organization would need to retain content experts in various areas.

55) Integrate technology into the day-to-day operations of state government. Designate the Indiana Office of Technology (IOT) as the lead agency in evaluating major technology investments to ensure the state is buying the right solution at the right price with the greatest application throughout state government. In the past, each agency pursued major technological investments in isolation, failing to use (and re-use) technology that state government already owned. Coordinate all technologically-driven business practices, including those requested by agencies (e.g., data warehousing, online licensing, document imaging, etc.), through IOT.

56) Consolidate the state's various microfilm and micrographics operations under the Indiana Commission on Public Records (ICPR) and coordinate with all state agencies that are required to microfilm records, including Bureau of Motor Vehicles (BMV), Department of Education (DOE), National Guard, Family and Social Services Administration (FSSA), Department of Child Services (DCS), Department of Natural Resources (DNR), and the Clerk of the Courts.

57) House all criminal investigators in State government within the Office of Inspector General (OIG). Provide investigators with uniform training, and embed in agencies, as deemed appropriate by the Inspector General.

58) Merge the Indiana State Police (ISP) Network Operations Center (NOC) with the Capitol Police dispatch operations and the Indiana Department of Homeland Security (IDHS) Emergency Operations Center. The new operations could be staffed by two civilian employees 24 hours per day, 7 days per week. This would free up Capitol Police officers currently performing dispatch functions.

59) Establish purchasing and procurement as a shared service and consolidate other procurement organizations into one central function state government-wide. In the past, state agencies managed their own separate procurement operations, failing to leverage the state's buying power. Establish strategic sourcing (consolidating contracts on goods and services to secure the best pricing and terms for the state) and vendor management as fundamental competencies of the procurement organization.

60) Move off-site storage of large items in the State Museum's collection from private facility to the Indiana Department of Administration (IDOA) managed warehouse.

61) Eliminate the Indiana State Police (ISP) Under Water Search and Rescue team, freeing up at least 3-5 full time equivalents (FTEs) to patrol Indiana's roads and perform other ISP functions. Make the Department of Natural Resources (DNR) SCUBA team responsible for under water search and rescue for the entire state.

62) Consolidate engineering services and embed engineers within agencies served as needed.

63) Leverage the technology within the Professional Licensing Agency (PLA) to all applicable licensing tasks.

64) Unify wetlands permit processes to create one point of contact between state government and the public. Single projects now require multiple permits and necessitate the public to deal with multiple divisions within the Department of Natural Resources (DNR) and Indiana Department of Environmental Management (IDEM) simultaneously. Other agencies, most notably the Indiana Department of Transportation (INDOT), also have to obtain permits and would benefit.

65) Establish a center of excellence for grants management systems to ensure statewide coordination and collaboration. Several agencies, such as the Indiana Criminal Justice Institute (ICJI), currently lack such systems. Grants management tracking systems enable programs to more closely monitor their federal funds as well as the recipients of these funds (if they are forwarded to sub-grantees).

Competitive Sourcing Opportunities

66) Compete Indiana Department of Administration (IDOA) parking garage management against private sector firms that provide this service. Develop the parking garages' full potential to generate revenue from sources outside state government (e.g., hotels, downtown events, etc.).

67) Competitively source fleet management and fleet maintenance statewide. A significant amount of duplication exists with several state agencies - Indiana State Police (ISP), Indiana Department of Administration (IDOA), and Indiana Department of Transportation (INDOT) - performing vehicle maintenance and managing their own facilities. Commercial services provided by these facilities include routine maintenance (e.g., oil changes). In addition to providing these services, the IDOA Motor Pool performs an auto leasing/renting function.

68) Competitively source housekeeping and janitorial functions statewide.

69) Competitively source print, copy, and mail services state government-wide. As of 2006, six state agencies managed large print centers and eight agencies managed mail centers with little coordination between agencies.

70) Competitively source the Indiana Commission on Public Records (ICPR) Records Center function.

71) Competitively source the build out of new vehicles for the Indiana State Police (ISP).

72) Competitively source the State Job Bank, currently managed by the State Personnel Department (SPD).

73) Competitively source the provision of adult and juvenile education, including vocational training, within Department of Correction (DOC) facilities.

74) Competitively source the certifications for various skills administered by the Indiana Department of Homeland Security (IDHS). Private sector, accreditation organizations exist capable of performing this function.

75) Competitively source Boiler and Pressure Vessel inspections within the Indiana Department of Homeland Security (IDHS), as recognized insurance company inspection agencies and owner-user inspection agencies also provide these services.

76) Competitively source the Indiana Department of Homeland Security (IDHS) Elevators and Amusement Rides section to determine if private consultants or insurance companies can perform this function more effectively and efficiently.

77) Competitively source the operations of the Indiana Veterans Memorial Cemetery.

78) Competitively source Indiana Department of Homeland Security (IDHS) fire and building code inspections. Local officials and insurance companies have the expertise to perform these inspections.

79) Competitively source all laboratory functions, including those of the Indiana State Police (ISP), the Indiana State Department of Health (ISDH), and the State Department of Toxicology. Allow respondents to bid assuming utilization of the new laboratory building. The state would maintain management oversight of these functions, and would review the quality of work performed.

80) Competitively source Department of Correction's (DOC) Operational Support Services division, which is responsible for the coordination and arranging of transportation for adults and juveniles within the DOC. Require the highest levels of safety and security be maintained. Include county jails in this competition, if possible.

81) Pilot the competitive sourcing of highway maintenance at the Indiana Department of Transportation (INDOT) and benchmark the cost of this activity.

82) Review competitive sourcing and Medicaid reimbursement opportunities at Soldiers' and Sailors' Children's Home, Veterans Home, and the Schools for the Blind and Deaf.

83) Competitively source microfilm and micrographics processing.

84) Competitively source the service center component of the State Personnel Department (SPD) benefits administration function.

85) Competitively source the management of the Public Employees Retirement Fund (PERF) and Teachers' Retirement Fund (TRF) annuity savings account.

86) Competitively source the annual inspection of all school buses (approximately 15,000) currently performed by the Indiana State Police (ISP).

87) Competitively source the Department of Administration (IDOA) state surplus property operation, or end the program and delegate its activities (transportation and re-use of state personal property) to PEN Products. The function has run an operating loss over the past three years. Competitively source the auctioning of surplus property by IDOA, whether it be performed by live auction or online auction.

88) Competitively source Branch Operations within the Bureau of Motor Vehicles (BMV).

89) Competitively source travel management patrol services at Department of Transportation.